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Christopher Tempers Support for Russia

He Says Barriers Gaidar, Architect Could Go Back Up Of Reform, Quits

By Paul F. Horvitz

WASHINGTON — Secretary of State Warren M. Christopher appeared to hedge Washington's bets on reform in Russia on Sunday, saying that if Moscow reversed its democratic course, NATO would consider "the erection of a security barrier" in Europe.

In a broadcast interview, Mr. Christopher played down the resignation of Yegor T. Gaidar as President Boris N. Yeltsin's economic reform expert. He also declared that American commitment to the security of Eastern Europe "goes beyond consultation."

Mr. Christopher's comments, in an interview in Geneva, came at the close of a weeklong European trip in which President Bill Clinton introduced the Partnership for Peace program, a road map for former Warsaw Pact nations to follow if they wish to join NATO, as many do. The Partnership does not assure membership, however.

Mr. Yeltsin, facing a surge of nationalism in Russia and viewing an expanded NATO as an ill-timed threat, had lobbied hard to keep the alliance in its current 16-member configuration.

Asked in Geneva about the future of the North Atlantic Treaty Organization, Mr. Christopher drew a link to Russian reform efforts. "If they turn back, if there's a reversal, if they're a revanchist country," he said, "then I think that NATO would have to consider the erection of a security barrier of the kind that we had in the past."

"What President Clinton has not wanted to do at the present time," he continued, "is to draw another artificial line there when it seems unnecessary."

"Until it becomes necessary, you can be sure that we're going to look to the security of those countries that we care about, especially if they're participants in the Partnership for Peace."

The secretary of state gave no indication that he believed movement toward free markets and full democracy was stalled in Russia. That the Russian economy is in a state of collapse, he said, does not depend on a single person.

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By Margaret Shapiro

MOSCOW — Deputy Prime Minister Yegor T. Gaidar, the architect of Russia's transition to the free market, said Sunday that he was quitting because he did not have confidence that President Boris N. Yeltsin's government would continue following the tough economic policies he says Russia needs.

A Yeltsin spokesman, Vyacheslav Kostikov, said that Mr. Gaidar's resignation would "seriously weaken the president's reformist flank" and that he hoped that the president would persuade Mr. Gaidar to reconsider.

Mr. Gaidar made public a letter of resignation in which he told the Russian leader that he expected to oppose future decisions by the government and that "I cannot serve in the government and at the same time be in opposition to it."

He said he had strongly opposed two recent decisions — to spend \$500 million to build a new parliament building and to create an economic union with the former Soviet republic of Belarus — but had been overruled.

Mr. Gaidar's announcement raises real questions about the future of Russia's economic transition just a day after President Bill Clinton concluded a summit meeting with Mr. Yeltsin during which the Russian leader repeatedly expressed his determination to continue free-market reforms. Washington had sought such a commitment after the parliamentary election in December in which extreme nationalists, Communists and other opponents of reform trounced pro-reform forces led by Mr. Gaidar's party, Russia's Choice.

Other reformist ministers may take this as their cue to leave the government. Indeed, Ella A. Yeltsin's minister for social protection, Ella A. Pampulova, who like Mr. Gaidar was elected to the parliament on the Russia's Choice slate last month, also announced her resignation on Sunday. Another report, carried by the Interfax news agency, suggested that Finance Minister Boris G. Fyodorov, another key reformist, might also quit.

Mr. Gaidar was due to continue as first deputy prime minister in a cabinet shakeup that Prime Minister Viktor S. Chernomyrdin is expected to announce on Monday. Mr. Yeltsin had committed himself to Mr. Gaidar and his

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Mr. Clinton and Mr. Assad fielding questions on Sunday after their meeting in Geneva.

Assad, With Clinton, Speaks of 'New Era' Of Peace in Mideast

By Douglas Jehl

New York Times Service

GENEVA — President Hafez Assad of Syria held out for the first time Sunday the prospect of normal relations with Israel and said his country was committed to reaching a comprehensive peace in the Middle East this year.

Coming after a meeting here with President Bill Clinton, the statement by Mr. Assad was the most explicit sign yet of Syrian willingness to join the Middle East peace process in earnest.

Mr. Clinton said that he hoped it "would provoke a positive response in Israel."

After two years in which peace talks between Israel and Syria have failed to make progress — including the last four months, in which their representatives have not met at all — American officials said they now expected a new momentum in negotiations in Washington that could resume by the end of the week.

The five-and-a-half-hour meeting between Mr. Clinton and Mr. Assad was the first between the two leaders. American officials said its main purpose had been to enlist Syria as a full partner in the peace negotiations, and they said Mr. Assad's words at a joint news conference with the American president had given them hope that he had succeeded.

Mr. Assad did not spell out exactly what he meant by normal relations with Israel. But his statement was described as highly significant by American officials, and it represented a step toward a commitment that Israeli officials have been waiting to hear before considering a withdrawal from the Golan Heights.

Mr. Assad spoke repeatedly Sunday of his aspirations for a comprehensive peace in the region and made explicit mention for the first time of Syria's commitment to help end the Arab-Israeli conflict.

"If the leaders of Israel have sufficient courage to respond to this kind of peace," Mr. Assad said, "a new era of security and stability with normal peaceful relations shall dawn."

President Clinton, who said his meeting with Mr. Assad was a sign of his recognition that Syria's participation was vital to an enduring peace in the region, immediately sent a high-

level delegation to Israel to discuss the shift in the Syrian stance with that country's leaders.

Until Sunday, the Syrian leader had insisted that Israel declare its willingness not only to withdraw from but also to restore Syrian sovereignty to the Golan Heights in return for peace. But Mr. Assad appeared Sunday to have moved closer to meeting the long-standing Israeli insistence that Syria acknowledge its willingness for normal relations before it will agree to pull back.

Indeed, although Mr. Assad did not say so himself, Mr. Clinton said at the news conference that he believed that the Syrian leader had committed himself to seeking a settlement that provided for open borders, free trade and diplomatic relations.

"I believe that President Assad has made a clear, forthright and very important statement

Rabin and Peres react warily to word of U.S.-Syrian peace progress. Page 2.

on normal, peaceful relations," Mr. Clinton said. "Now, in order to achieve those relations, a peace agreement has to be negotiated in good faith and carried out."

"But this is an important statement," he said. "The first time that there has been a clear expression that there will be a possibility of that sort of relationship."

By meeting with Mr. Assad, whose nation remains on the American list of terrorist states but which has been eager for close relations with the United States, Mr. Clinton had hoped to entice Syria to assume a more active role in the Middle East peace process, particularly because the separate peace concluded last fall between Israel and the Palestine Liberation Organization has run into problems.

American officials had said in advance of the meeting that they did not expect any breakthroughs, and there were none. But Mr. Assad, speaking as he stood beside Mr. Clinton after the meeting, said flatly: "We are ready to sign peace now."

"In honor we fought, in honor we negotiate."

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Italy Starts Hectic Ride To Elections on March 27

By Alan Cowell

New York Times Service

ROME — President Oscar Luigi Scalfaro dissolved the scandal-stained Italian parliament on Sunday, setting the country on track for what is expected to be a hectic, confusing and bumpy ride to early elections and the first real change of governance in more than 40 years.

Mr. Scalfaro also named the prime minister, Carlo Azeglio Ciampi, who announced his resignation on Thursday, as head of a caretaker government. Its first act was to pick March 27 as the date for elections, overriding objections from Italy's 40,000 Jews that they would not be able to vote because of the start of Passover on the same day.

Government officials said the March 27 election date was decided at a two-hour cabinet meeting after which Mr. Ciampi planned to offer a personal apology for the election's timing on Passover to Chief Rabbi Elio Toaff.

The officials said March 27 was the earliest practical and constitutional possibility for elections, which must be held on a Sunday.

The following Sunday, April 3, is Easter. And to put off elections until April 10 would have

caused a political storm among reformist groups pressing for the earliest possible balloting.

The election is widely regarded here as a benchmark of transition from the old and corrupt political order dominated by the Christian Democrats and their allies to a new and less predictable lineup drawn from an array of contenders ranging from former Communists to neofascists.

Since February 1992, more than 3,000 people — many of them legislators — have been implicated in the huge and systematic pillage of the state coffers and private slush funds known as "Tangentopoli" ("Bribe City").

The spectacle of former prime ministers and barons of big business being accused by investigating magistrates of corruption, Mafia association and misuse of office has left many Italians enraged. This is not so much because their leaders were corrupt, but because the billion-dollar scale of the scandal far exceeded what might have passed for acceptable corruption.

The curtain has fallen on the shortest and most turbulent legislature in the history of the

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The Japanese Recovery: A Far Horizon

By Steven Brill

International Herald Tribune

TOKYO — The prolonged recession that has given many Japanese their first taste of job insecurity may begin to recede as soon as this summer, but nothing approaching a true recovery will emerge until at least a year later, analysts say.

Even then, an end to the country's longest postwar slump, which has punctuated a self-image swollen by the financial steroids of the 1980s, will offer little cause for cheer. Growth in the next few years will be tepid, cooled by the wrenching process of restructuring a postwar economic system that has become a costly anachronism.

"A genuine recovery will not come until 1995, and even then it will be sub-par relative to other post-recession growth periods," said Mincho Sasaki-Smith, an economist at Morgan Stanley in Tokyo.

Even this scenario could prove overly optimistic if the government fails to cut taxes and follow through on its pledge to prune the thickets of regulations that block companies from expanding into profitable new fields.

"Unless an appropriate policy mix is taken, the prospect of full-fledged recovery near 3 percent growth will not come until fiscal 1996," said Mifko Wakasaka, chairman of the Japan Research Institute Ltd.

Unlike past recessions touched off by the spike in oil prices or the surge in the yen's value

against the dollar, Japan this time cannot export its way to prosperity or use easy-money policies to fuel growth.

The strong yen has made Japanese exports less competitive, and markets for many of its main exports, like cars and consumer electronics, are saturated at home and in the West. The resurgence of the Big Three automakers in America and growth of exports from southeast Asia, meanwhile, testify to growing rivalry from

When and How?

Ending the world recession

A series of articles on returning the world's industrial economies to competitiveness and real growth.

overseas competitors who have learned many of Japan's manufacturing secrets.

Japan also must contend with the collapse of the bubble economy several years ago that has devastated stock and property values and set off a deflationary avalanche which has yet to subside. The banking sector is beset with as much as 40 trillion yen (\$357.5 billion) in bad debts that must be written off before active lending can be resumed.

"The process of getting the air out of the bubble will continue for another year or two, but it will take another 10 years before the adverse effects are completely worked out of the system," Ms. Sasaki-Smith said.

Moreover, the Japanese economy has simply matured. After expanding by an average of nearly 10 percent annually in the 1950s and 60s, it slowed to an average 4.4 percent clip in the 70s and 80s. For the 90s, the Japanese economy, now the world's second largest, will grow at an average of less than 3.0 percent, economists say.

Given the compound nature of Japan's problems, it's no surprise that business confidence is depressed, a self-reinforcing outlook that only makes prospects worse.

"There's no telling how long this will last," said Takeshi Eguchi, vice chairman of Japan's biggest trading company, Mitsubishi Corp. "There are no magic potions."

Indeed, to realize its potential, Japan will have to overhaul an economic system that has been predicated on growth and the Cold War environment. Ever-expanding market shares and profits, for example, allowed many companies to offer lifetime employment and provide steadily rising salaries, which stifled complaints about high domestic prices resulting from government regulations meant to protect industry.

The ending of the Cold War has also removed a strategic threat that gave Washington a rationale for letting — indeed, helping — the Japanese economy to expand through exports while Tokyo kept its domestic markets highly closed.

Fissures are rapidly emerging in the old or-

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Kiosk

Runoff Likely In Finnish Vote

HELSINKI (Reuters) — Martti Ahtisaari of the opposition Social Democrats and Defense Minister Elisabeth Rehn will run in the decisive second round of the Finnish presidential election on Feb. 6, according to preliminary first-round results Sunday.

With 99.6 percent of the vote counted, Mr. Ahtisaari, a veteran United Nations diplomat, had won 25.9 percent, followed by Miss Rehn with 22 percent. Since none of the 11 candidates won 50 percent of the vote, the two front-runners go into a second round.

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Rating the Best Restaurants

Patricia Wells posts her first list of the world's 10 best restaurants as she rates France. (Page 7)

China, Its Eye on Trade, Will Review Rights Record

By Patrick E. Tyler

New York Times Service

BEIJING — President Jiang Zemin has told an American congressional delegation that China "is going to make an effort" in coming months to meet President Bill Clinton's concerns about the country's human-rights record.

Mr. Jiang repeated Beijing's objection to linking human rights with China's trade relationship with the United States, as Mr. Clinton has done by making China's favorable trade status contingent upon its human-rights record. But the delegation took the Chinese president's positive tone as an encouraging sign.

The Chinese leader's remarks Sunday to the House majority leader, Richard A. Gephardt, and five other House members, came at a crucial time, just before the State Department is to issue a human-rights report that is critical of China and could affect its most-favored-nation trade status.

Although Mr. Jiang did not present a detailed course for improving China's human-rights record, his remarks were significant in

that Chinese officials almost never respond directly or positively to any admonition from foreigners about human rights.

[Secretary of State Warren M. Christopher said Sunday that China had not made enough progress on human rights to warrant renewal of its trade status this year. Reuters reported. Mr. Christopher, appearing from Geneva on an NBC program, said China had "made some progress, but they've not reached that level" required by an executive order issued by President Clinton in May.]

[He said that although the progress China had made on the economy was laudable it did

not excuse the country's failure to make more progress on human rights.]

In Washington, a State Department official said Mr. Jiang's comments, as reported by Mr. Gephardt, were "very, very encouraging."

The official said there had been several developments in recent days suggesting that China understood Western concern about its human-rights practices. But he said the United States was looking for more evidence.

Former President George Bush, also in Beijing over the weekend, told Mr. Jiang that the Clinton administration was in a political "box"

over China policy and needed to see progress on human rights.

Mr. Bush's conversation with the Chinese leader was described by his former national security adviser, Brent Scowcroft, who was traveling with Mr. Bush.

"We gave them a factual analysis of the situation in Washington," Mr. Scowcroft said. He said Mr. Bush told Mr. Jiang that President Clinton would have to see real progress or he would be forced to cancel China's low-tariff

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For These Skaters, Figures Are in Dollars

By Christine Brennan

Washington Post Service

WASHINGTON — In figure skating, it has come to this: Hit men. Police batons. And big, lumbering bodyguards.

What in the world has happened to the refined sport of Sonja Henie, Peggy Fleming, Dorothy Hamill and Katarina Witt?

Times change. And the battles that once took place on the ice have moved to Madison Avenue as well.

"One of the best-kept secrets in sports is how much money figure skaters make," said Michael Rosenberg, a figure skating agent. "Since the mid-1970s, since the time of Dorothy Ha-

mill, top skaters have made over \$1 million a year."

The world of sequins has turned to gold. It has been estimated that the Olympic gold medal in women's figure skating will bring \$10

Tonya Harding "categorically" denied involvement in the attack on her rival, Page 15.

million in endorsements and earnings to its winner.

Jerry Solomon, the sports agent who represents the skater Nancy Kerrigan, said that his client could earn even more than that after all the public attention she has received since the

attack Jan. 6 that severely bruised her right knee.

One reason the sport is so lucrative is because it is so popular. In February 1988, the Olympic skating duel between Miss Witt and Debi Thomas attracted the highest Saturday night half-hour television ratings in the United States in 11 years.

Only in the world's biggest boxing matches is more money on the line for one athlete for one night's work. And boxing is the only other sport that has such a dramatic payoff. In boxing, it can end with one punch. In figure skating, it can end with one fall.

"You can't imagine the pressure," said Brian

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Thousands March in Paris School Protest

A man and his son marching Sunday in a Paris protest against a government proposal to increase state funding for private schools. The march, which drew 250,000 people, went on even though the government had already abandoned the plan. Page 2.

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Lebanon.....US\$1.50	

Q & A: A Lingering Nuclear Threat

Leonard S. Spector, senior associate at the Carnegie Endowment for International Peace in Washington, is the author of a series of periodical reports, begun in 1984, on the spread of nuclear weapons. He spoke with Charles Mitchell of the International Herald Tribune after the Moscow ceremony at which President Leonid M. Kravchuk of Ukraine signed away his country's 176 nuclear missiles.

Q. If Ukraine hands over its nuclear weapons as provided for in the treaty signed Friday, is the danger of nuclear proliferation in the former Soviet Union at an end?

A. First of all, the agreement itself specifies that the weapons will be transferred over a longish period of seven years, so even if all is signed and sealed now, we have to worry about implementation over that period. In addition, we have a very serious problem of possible instability within Russia.

Q. The Clinton administration has been criticized for giving too much carrot and not enough stick in dealing with Ukraine and North Korea. Is this a fair criticism from the proliferation standpoint?

A. As of the moment, he appears to have gotten what he needs out of Ukraine and has offered enough in terms of carrots to placate, we hope, the Ukrainian parliament. What was offered, however, is not improper or so grand as to undercut our basic policies. The North Korean case is a bit trickier. We don't quite know what has been offered to the North and at the moment we're in the middle of a negotiation. They've offered basic inspections on declared facilities, which are very important. We have not apparently given them anything, and it will really be in the next round of talks where we are hoping to

perhaps make a trade to get so-called special inspections of undeclared sites in return for some kind of diplomatic concessions on our end.

Q. If the International Atomic Energy Agency does get those special inspections, will that be enough, given the North Korean expertise in building tunnels and hiding things?

A. I think most of us agree it will go far toward nailing down the history of the North Korean program and what it is they may have produced to date, steps which will enable us to bring under inspection anything produced in the facilities we know of. The danger is that there are facilities that we have never seen, but at the moment that seems to be the secondary issue. The fundamental issue is whether the facilities we know of have been used in a way to produce nuclear weapons, and when the intelligence community says that North Korea might have a weapon or two, they are referring to the use of facilities we know about.

Q. Was there anything learned from the Iraq case that might help us deal with nuclear renegades like North Korea?

A. There were two lessons. One lesson is that you must enable and authorize the IAEA to check out suspicious locations, which we are in the process of indicating in North Korea. The other thing we learned from Iraq, unfortunately, is that you don't know what you don't know. That is, that, even though you may have suspicious and even though you may check out locations brought to light by those suspicions, there may be other locations of importance that simply have not been observed and therefore are totally unknown. We were not quite in that mode in Iraq, but we were pretty close. We knew most of the locations, but we were not aware in

many cases to a significant degree of what was occurring in those facilities.

Q. In that context, is there appreciably less danger of nuclear proliferation in the Middle East?

A. The general sense is that the Iraqi nuclear program is under control and, as long as monitoring continues, it will remain in check. There's uncertainty about the biological weapons program and about the missile program. The other country of considerable interest is Iran, and the general view is that Iran is 8 to 10 years away from building its first nuclear weapon. The trouble is if it gets hold of weapons-grade material or expertise from the former Soviet Union or another source, this could enable it to catapult its program forward and could compress this schedule which, at least right now, is not too alarming.

Q. Not so long ago, we considered countries like Argentina, Brazil and South Africa threshold countries. Can we now say that they have really renounced nuclear ambitions? Is your list of such states shorter now?

A. In some senses, yes, in that these were countries — Argentina and Brazil — which were engaging in ambiguous activities and South Africa did have the bomb, and all three appear to be under monitoring and to have abandoned these programs. The list is shorter in that sense, but unfortunately the list grows because you need now to be worried about what will happen ultimately in Ukraine. You need to worry about the breakup of Russia as a potential threat. You need to worry about countries that have been quiescent, like South Korea or Japan, perhaps reconsidering their positions as events unfold in that region of the world. So, in terms of immediate danger, the number of countries is reduced perhaps overall, but in terms of dangers on the horizon, the threat may be growing.

Laos to Let U.S. Inspect Prison That Was Tied to MIAs

By Thomas W. Lippman
Washington Post Service

WASHINGTON — Laos has granted permission for a United States military team to inspect a prison that was the target of a clandestine 1981 raid organized by the CIA in a search for American prisoners of war, according to Defense Department officials.

There is no substantial reason to think any Americans are held there now, or were there in 1981, the officials said. But because intelligence information years ago indicated that the prison might house some Caucasians, a team based in Bangkok plans to interview the prison staff and Laotians who live nearby during a 30-day expedition that will start this month.

Laos, which was taken over by Communist insurgents in 1975 not long after North Vietnamese troops captured Saigon and thus ended the war, has refused most U.S. efforts to search for the missing in action. In recent months, however, the government in Vientiane has become more cooperative, apparently under pressure from Vietnam, American officials said.

The prison is at Nhommarath in central Laos, about 20 miles (30 kilometers) northeast of the Thai border city of Nakhon Phanom. Long rejected previous requests to visit the site, fearing international complaints about conditions in the prison, American officials said.

Most information about the 1981 raid remains classified. There is a discussion of "the alleged covert operation" in the voluminous report of a Senate committee that investigated the search for missing Vietnam-era servicemen in 1992, but the site is not named and the organizers of the expedition are not identified.

Some family members, veterans groups and activists for the missing in action have cited the raid as evidence that American intelligence officials knew prisoners had been left behind after all supposed-

ly returned to the United States in "Operation Homecoming" in 1973. If the Central Intelligence Agency organized a rescue mission, it is argued, there must have been information about people who needed rescuing. But Pentagon officials insist that is not the case.

According to the Senate committee report and a new account by a Defense Department source, American intelligence analysts had "hearsay evidence" in the late 1970s that American prisoners were held at Nhommarath and forced to work as virtual slaves.

Early in 1981, the administration of President Ronald Reagan decided to step up efforts to determine the fate of more than 2,000 Americans unaccounted for from the Vietnam War. One result was a covert operation to learn more about Nhommarath.

"People conclude now that the government acted a certain way because they had information," a Defense Department official said. "They didn't have compelling information; none of those reports held up. But the new administration just felt they had to go further to check every possible lead, however fragile."

Fearing a political backlash if Americans were detected on a military expedition in Laos, the CIA sent a team of non-American civilians to the site.

"They saw no evidence of Caucasians at the site, but food was being taken into a long building," a Defense Department official said last week. According to the Senate committee, the results were inconclusive.

Last week, the State Department issued a statement saying that 505 Americans remained "unaccounted for" in Laos and that "we cannot rule out the possibility that live Americans may be held in Laos."

According to senior officials in the State and Defense Departments, however, that is merely a restatement of a standing U.S. position and was not prompted by new information.

WORLD BRIEFS

South African Group Halts Violence

JOHANNESBURG (AP) — A militant black group suspended its armed struggle Sunday, saying that it would concentrate on confronting the white government in the elections set for April 27.

Clarence Makwetu, president of the Pan-Africanist Congress, said that his organization was negotiating with the government on joining a national peacekeeping force and a transitional administrative body. "We are saying to our forces they must hold fire while we discuss how to bring peace to our country," Mr. Makwetu said.

Pan-Africanist leaders have in the past refused to rein in their military wing, the Azanian People's Liberation Army, unless the government also pledged to end attacks. But the cease-fire announced Sunday was unilateral and open-ended.

Sinn Fein in Bid to Discredit Major

BEIRFAST (Reuters) — The Irish Republican Army's political wing, Sinn Fein, is to publish "leaked" data Monday to embarrass the British government into discussing the fine print of a month-old peace plan for Northern Ireland.

In an effort to discredit Prime Minister John Major's refusal to hold further talks on the Dec. 15 British-Irish peace deal, Sinn Fein is to unveil its version of what took place in clandestine meetings with the British government.

Republican sources said the data would prove highly embarrassing for Mr. Major, whose Conservative government is already reeling from a scandal over sexual and financial misconduct. It is likely to cast further doubt on whether the plan can be put into effect in its present shape, the sources said.

A Frenchwoman Is Killed in Algiers

ALGERS (Reuters) — A Frenchwoman has been shot and killed in central Algiers, the 26th foreigner to be killed in the country since September, security forces said.

The woman, Monique Mercet, 45, who worked at the French Consulate in the capital, was shot twice in the head shortly after parking her car. No one taken responsibility. But the fundamentalist Armed Islamic Group says it has killed 19 foreign nationals since warning all foreigners to leave Algeria by the end of November.

Security forces, quoted by the official APS news agency, said the woman was married to an Algerian and had three children. She had lived in Algeria since 1975.

China Warns Britain on Trade Loss

BEIJING (AP) — Now that France has restored good relations with Beijing, Britain is likely to be the next country frozen out of lucrative contracts in China for political reasons, an official newspaper said Sunday.

"Bilateral economic and trade relations can hardly escape damage from an uncooperative and unfriendly Britain," China Daily quoted a senior Chinese trade official, Tong Jiemu, as saying.

It is estimated in Paris that France lost more than \$1 billion of business with China in the last year because of Beijing's displeasure with a French government decision to sell warplanes to Taiwan. France and China mended the rift last week, with a French pledge to make the arms sale to Taiwan its last. China is angry with Britain because of efforts to increase democracy in Hong Kong before the colony is transferred to Chinese sovereignty in 1997.

100 Missing in India River Accident

CALCUTTA (Reuters) — Search teams battled thick fog and swirling currents on Sunday as they tried to locate the bodies of more than 100 people feared drowned in an accident involving two launches.

Only 11 bodies had been found after a collision between two vessels Saturday near the mouth of one of the arms of the Ganges River south of Calcutta.

One of the launches, carrying about 140 religious pilgrims, capsized. Officials said there were only 24 survivors so far, including three crew members, and little or no hope of finding anyone else alive. The second vessel was empty except for its crew.

TRAVEL UPDATE

Tel Aviv to Get a New Airport in '98

JERUSALEM (APF) — The Israeli government on Sunday approved the construction of a new international airport at Lod near Tel Aviv, officials said.

The "Ben-Gurion-2000" project, to be completed by 1998 at a cost of \$850 million dollars, will quadruple Tel Aviv's capacity to handle air travelers, bringing it to 16 million passengers per year.

"The government has decided to build a new terminal to meet the great projected increase in travelers following political developments," an official statement said. A spokesman for Israel's airports authority, Yehiel Amichai, said last week that the Middle East peace process would transform Tel Aviv into a crossroads for travelers to Asia and Africa.

Oman Air has inaugurated a service between Muscat and Karachi, Pakistan, Associated Press of Pakistan reported.

Train wheels on the Los Angeles subway have worn out up to 20 times faster than designed, forcing transit officials to cut by two-thirds the number of trains in service on the year-old subway system. Starting last week, passengers had to wait more than twice as long for trains in peak hours, and trains traveled at greatly reduced speed. Officials said normal service would be restored Monday.

Aeroflot plans to start service between Moscow and Seattle this spring, an official of the Russian airline said. Plans for the twice-weekly service between Moscow and Seattle-Tacoma International Airport call for a stop in Anchorage and perhaps a city in the Russian Far East.

This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

MONDAY: Puerto Rico, United States.
WEDNESDAY: Ethiopia.
THURSDAY: Guinea-Bissau, Mali.
FRIDAY: Barbados, Dominican Republic.

Sources: J.P. Morgan, Reuters.



A Palestinian murder defendant being dragged from a Jerusalem courtroom on Sunday after relatives of the Israeli victims tried to attack him. The man and two other Palestinians are standing trial for the four killings. The court incident caused a trial postponement.

Israel Reacts Warily to Assad Statement

By David Hoffman
Washington Post Service

JERUSALEM — Israeli leaders offered a cautious reaction Sunday to President Bill Clinton's assertion that Hafez Assad of Syria had made a "clear, forthright" declaration of his willingness to make peace with Israel.

Prime Minister Yitzhak Rabin said President Assad had made such general statements about wanting peace in the past. He said he wanted a more detailed report from U.S. officials. The special U.S. coordinator for the peace talks, Dennis Ross, and Martin Indyk, a National Security Council official, were to arrive in Jerusalem on Sunday night.

Foreign Minister Shimon Peres said of Mr. Assad's statement to Mr. Clinton: "What does it mean? What is behind it? Does it include diplomatic relations? Does it include open borders? Does it include free trade? We shall have to wait for a more detailed description of what took place."

"If there is a change of heart on the part of the Syrians," Mr. Peres added, "we shall welcome it. If not, we shall have to continue and work until we shall really arrive at the

detailed proposition for peace and security for us and for the Syrians." In the peace negotiations in Washington, Israeli officials have repeatedly called on Mr. Assad to define what he means by "full peace" in exchange for Israel's pullback on the Golan Heights, which it captured in the 1967 war. Until now Israel, too, has refused to say how far it would withdraw on the Golan and under what timetable.

The Clinton-Assad meeting drew widespread attention in Israel and was broadcast live on state-run radio and television, while opponents of territorial concessions on the Golan Heights protested across the country, burning tires and blocking intersections.

The Likud opposition leader Benjamin Netanyahu said Sunday night that Israel should not cede the Golan. "Real peace is only if we're on the Golan," he told Israeli television. "Syria attacked in 1967 and they have no right to ask for the Golan back."

Speaking before the Clinton-Assad news conference Sunday, Dore Gold, an analyst at the Jaffee Center for Strategic Studies, said Mr. Rabin would face "a real dilemma" if the Syria peace talks picked up speed before the accord with the Palestine Liberation Organization was implemented.

"When he made the Gaza-Jericho accord, which involved eating his hat, and changing his own politi-

cal line, he said it was better to give up Gaza than the Golan," Mr. Gold said. "Now, he is being asked to make two concessions that completely contradict his political line. One is to talk to the PLO and the other is a withdrawal from the Golan. He was prepared to do the second one, he'd rather try and put off."

Mr. Rabin "has always been a believer in doing one deal with one partner at a time," Mr. Gold said. "The deal with the Palestinians turned out to be more complex than anticipated."

Thus, he concluded, it would be difficult to "overlay that with the most controversial concession Israel can make, short of Jerusalem."

Shamir Admits Ordering Killing

By Clyde Haberman
New York Times Service

JERUSALEM — Former Prime Minister Yitzhak Shamir admits in excerpted memoirs that in 1943 he ordered the killing of a comrade in an outlawed Jewish underground group that was fighting the British authorities in Palestine.

Mr. Shamir's involvement in the killing of the comrade, Elian Giladi, had been alleged for many years but never proved.

In his memoirs, called "In the Final Analysis," and excerpted by the newspaper Yedioth Ahronoth, Mr. Shamir said Mr. Giladi had to be stopped because he had become increasingly "strange and wild," proposing that the guerrilla group fire on crowds of Jews and assassinate David Ben-Gurion, who went on to become Israel's first prime minister in 1948.

"I was afraid that he had gone completely crazy," wrote Mr. Shamir, 77, who was swept from office when his Likud Party lost the 1992 national election. "I knew that I had to take a fateful decision, and I didn't evade it."

"I strongly feel that I had no alternative," he said, "although the deed took a heavy personal price from me and cost me much suffering."

In the years leading to Israel's founding in 1948, when Britain exercised a mandate over all of Palestine west of the Jordan River, Mr. Shamir was a leader of a militant organization known as the Stern Gang, the smallest but also the most radical of several guerrilla groups then fighting for a Jewish state.

Founded by Avraham Stern, who was killed by the British police in 1942, the organization assassinated senior British officials and was also a bitter opponent of Mr. Ben-Gurion, the dominant political figure both then and in the early years of the young state.

Harry Nilsson, '60s and '70s Singer, Dies at 52

New York Times Service

Harry Nilsson, a popular U.S. singer and composer in the 1960s and '70s, who won two Grammy awards for his literate, almost intimate songs, died Saturday of heart disease in Agoura Hills, California. He was 52.

Mr. Nilsson won a measure of popularity and critical acclaim for a style that was labeled "salon rock," delivered in a voice that was gruff and at times even hoarse.

Nicknamed the White Rabbit because of his pale blond hair and light complexion, he won a Grammy in 1969 for his performance of "Everybody's Talkin'," a song by Fred Neil on the sound track of the movie "Midnight Cowboy."

He won a second Grammy in 1972 for best male vocal with the album "Without You."

Samuel Bronston, 85, Producer Of Historical Hollywood Epics

New York Times Service
Samuel Bronston, 85, a Hollywood film producer whose credits include the historical epics "El Cid," "King of Kings" and "Fall of the Roman Empire," died Wednesday of pneumonia in Sacramento, California.

Over a period of about 25 years, Mr. Bronston either produced or had a role in producing about a dozen films. Perhaps his most famous production was "El Cid," a 1961 epic that starred Charlton Heston and Sophia Loren.

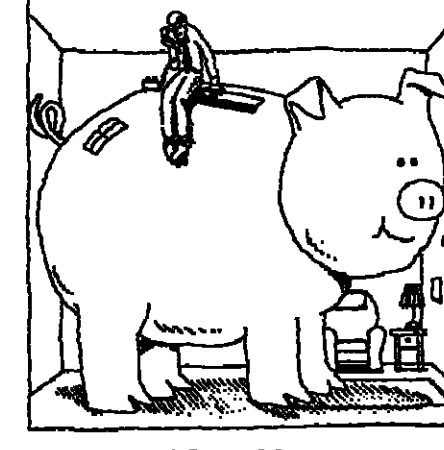
Mr. Bronston was born in Russia and brought up in France, where he first became interested in photography and film production. He moved to the United States in 1937.

Gyorgy Cziffra, 72, Pianist Known for Liszt Renditions

PARIS (Reuters) — Gyorgy Cziffra, 72, a Hungarian-born pianist best known for his performances of Franz Liszt's rhapsodies, died Saturday of a heart attack.

Fleeing Hungary after the 1956 Soviet-led invasion, Mr. Cziffra settled in Seattle, northeast of Paris, where he ran a foundation for young musicians and artists. He became a French citizen in 1968.

OVERSEAS



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THE AMERICAS / THE DIFFERENCE IN WASHINGTON

Can Government Cure America? Clinton's Changes Show He Thinks So

By Ann Devroy
and Ruth Marcus

WASHINGTON — After 12 years of Republican control over the executive branch and its 3 million workers, the initial indications of the change that Bill Clinton presided over during the presidential campaign — the seedlings of what could become real shifts in policy — are appearing.

The Clinton policy changes in the first year of his presidency are small and affect relatively few Americans. But they are like sprouts of a new growth on vast acres of federal fields, nourished by what clearly is the biggest change: Mr. Clinton's belief in government activism to address the nation's ills.

Governor Ben Nelson of Nebraska, a Democrat, noticed the difference when he called the White House the Sunday after inauguration day to request a waiver from federal law to run an experimental ethanol fuel project. Mr. Nelson was braced for a long wait, but he received permission within days. Nebraska was only the first of two dozen such exemptions granted by the administration to encourage states to experiment with government.

Across the country, small defense contractors discovered that the government's aversion to efforts to develop technology usable by both government and industry had vanished. By December, thousands of companies, laboratories and others had submitted proposals to share in the

first, tiny step toward an industrial policy, something that Republican administrations had staunchly resisted.

College students looking for government-backed loans for their schooling found a change last year, too. About 250,000 will borrow directly from the government, which will save them hundreds of dollars in administrative fees.

The list continues: government support for abortion rights after years of opposition; the first major federal

First of two articles

gun-control legislation in 25 years; executive and judicial branches with more women and minorities; and a federal bureaucracy set to shrink by 100,000 this year, higher taxes on the wealthiest citizens; the opening of what may be historic national debates on reforming the health and welfare systems; the launching of a national service program that allows students to pay for their schooling with community service; a requirement that large companies provide workers with family and medical leave.

Mr. Clinton enters the second year of his presidency hobbled by an investigation into his finances and with the landmark initiative of his administration, health care reform, under sharp attack. But there are no signs that he plans to curtail an agenda as ambitious as that of any of his predecessors.

At the root of the agenda is government activism.

"The biggest single thing is that there is a belief within

this government that government should be used to try to solve social problems," said the White House counselor, David Gergen. "As someone who worked in the White House in the 1980s, that is a major change, to believe in government as a catalyst to solve problems. That philosophy has come to town."

But it has collided with a force more powerful than a Republican filibuster or an army of special interest lobbyists: federal budget restraints. The women and men crisscrossing the cabinet departments and federal agencies all produce lists of new or reinvented programs, but those lists are by necessity constrained.

"The basic principle under which we are operating is, we have to have a government that does more with less," said William Galston, Mr. Clinton's domestic policy deputy. "This is an activist administration. We are here to deal with problems. But we are committed to fiscal restraint as part of that."

Most scholars of government say that any president's ability to alter what the government does is limited.

"Almost big policies take many, many years to develop," said Thomas Mann, a government scholar at the Brookings Institution. Presidents don't create policies, he added, "they fit into an ongoing stream of policy-making," reaching into the incubators of state government and Congress for the changes that will define their campaigns and presidencies.

And in many respects, the government does not seem very different.

In one of the most significant victories of his first year, Mr. Clinton pushed through Congress the North American Free Trade Agreement negotiated by the previous administration.

Cuts in defense spending were accelerated compared with what President George Bush had proposed. But the former administration's fundamental philosophy of being prepared to fight two wars at the same time continues. Mr. Clinton's pledge to allow homosexuals in the military ran into full-scale Pentagon and congressional opposition, resulting in a compromise that declared an end to witch-hunts but allows the participation of gay men and lesbians only if they essentially remain in the closet.

The president's bold plans for shifting federal spending toward investment in education, job training and other such programs have been reduced to a little bit more than what Mr. Bush had planned.

The administration presented 384 proposals to "reinvent" government by eliminating programs and overhauling budget, procurement and personnel systems, but the plans have met entrenched opposition from Congress and from parts of the bureaucracy. The most popular proposal is to cut the federal workforce by 252,000 over five years, but that alone will result only in a smaller government, not necessarily a more efficient one.

On foreign policy, Mr. Clinton the candidate sharply criticized Mr. Bush on Haiti, Bosnia and China, but as president he has either abandoned his plans or been forced to modify them. His early dream of expanding U.S.

peacekeeping efforts in Somalia to help build a nation there met an ignominious end with the firefight in October that resulted in the deaths of 18 American soldiers.

But setting aside specific policies, said Mark Gearan, the White House communications director, having Democratic control of the White House and Congress has produced a major but intangible change: the opportunity for a national debate over a string of policies that had no chance of implementation under the two Republicans who preceded Mr. Clinton.

What Mr. Clinton has brought, Mr. Gearan said, "is a shift in the national debate that makes consideration of gun control, health care reform, family leave, welfare reform, industrial policy possible."

"The debate has shifted from whether to how," he added, "and that is a tremendous change."

Health care ultimately may be the issue that defines the administration's brand of change, primarily because of the audacity of trying to revamp a system that encompasses one-seventh of the economy and affects all citizens.

But dozens of other initiatives — some well-publicized, others hardly noticed — offer an outline of the administration's work in progress.

And most of the promised change is yet to come. To those Americans who see little difference in their government after a year, Mr. Galston said, "We are saying, 'Be patient.' Much of this is not in full view yet."

NEXT: Change in the capital.

A U.S. Holiday That Often Isn't Martin Luther King's Backers Want Respect

By Peter Applebome

ATLANTA — The Reverend Martin Luther King Jr.'s birthday is being celebrated for the ninth time Monday, but the holiday is still struggling for broad acceptance in the United States. It is widely observed by state governments, mostly ignored by businesses and in danger of being viewed as a black holiday rather than a national one.

Admirers of Mr. King are trying to change the public perception of the observance from civil rights to broader themes of nonviolence and public service and prevent it from being marginalized as a second-tier holiday.

"We have two challenges," said Alan Minton, chief of staff for the Martin Luther King Jr. Federal Holiday Commission, created in 1984 to establish and promote the holiday. "One is to make sure it's an American holiday, not just an African-American holiday, and two is to perform some sort of community service work. Like Mrs. King says, the holiday is not where it should be, not where it can be

and certainly not where we want it to be, but participation is increasing, and we think we're on the verge of becoming something substantive and meaningful."

Born of often raucous debate, wedded to still painful issues of politics and race, the King holiday, marking his birth on Jan. 15, 1929, has a unique place in the nation's official holidays. But its problems in achieving broad acceptance may have as much to do with the difficulty of establishing a tradition and convincing employers to give their workers a day off as with enduring controversy.

This year the holiday, which is observed on the third Monday of January, will be celebrated by all 50 states, the federal government and many local governments and school districts.

Observances range from a sunrise prayer service in Miami to a tribal dance by American Indians in Great Falls, Montana; from gun buyback programs in Florida and other states to a multicultural breakfast in Phoenix honoring both Mr. King and Cesar Chavez, the leader of the United Farm Workers' Union, who died last year.

But winning over the nation's employers and weaving the holiday into the fabric of American life has proved difficult. According to the Bureau of National Affairs, a Washington-based research and publishing concern, employers at 22 percent of the businesses surveyed will get the day as a paid holiday this year.

A 1990 study of the Fortune 500 companies found that 18 percent gave the day off. For many, it is an optional, floating holiday that can be observed or taken at another time. Employers in the South, which has the highest percentage of blacks in its population, were the most likely to give a holiday.

On the other hand, about 6 in 10 governmental agencies and banks and 2 in 3 schools and colleges will close.

Mr. Minton said the figures showed substantial progress, and he thinks that trend is accelerating. For example, a study done for the King holiday commission found that the number of those participating in the holiday increased from 23 percent in 1991 to 31 percent in 1993.

But the figures do not approach the status of the most-observed holidays, Christmas, New Year's, Thanksgiving, Independence Day, Labor Day and Memorial Day, which are days off for 99 percent of the nation's businesses.

A 1985 study by the Bureau of National Affairs found that 45 percent of employers gave days off for President's Day, 40 percent observed Good Friday, which is not a national holiday, and 20 percent gave Veterans Day off.

Businesses, large and small, say their reluctance to give employees the day off reflects economics, not politics.

"It comes at the wrong time of year for preparing taxes," said Brent Stewart, who employs eight people in his accounting firm in Scottsdale, Arizona. "But if it didn't, I would consider it."

Boeing Co., which employs 86,000 people in the Seattle area, has never celebrated the King holiday, or any other holiday between New Year's and Memorial Day.

Along with a lack of observance, the holiday also suffers from a lack of definition. Organizers want the holiday to have broad, ecumenical appeal, but even some blacks feel its focus is supposed to be on black issues.

"To some blacks, the lack of general observance is an indication that the racial issues Mr. King addressed are still with us."

"It's a slap in the face to the African-American community," said Willie B. Kennedy, a member of the board of supervisors in San Francisco.

Indeed, for white supremacist groups, the holiday has become an occasion to show their disdain for Mr. King. The Ku Klux Klan scheduled demonstrations in eight cities from Ohio through Texas.

Mr. King's widow, Coretta Scott King, at the start of 10 days of observance of the holiday at the King Center for Nonviolent Social Change in Atlanta, said the violence buffeting American life made the holiday particularly relevant.



GUNS INTO GREENBACKS — Gun owners waiting outside a Washington church to turn in their weapons in exchange for cash. The former heavyweight boxing champion Kiddick Rowe and his manager offered \$100 for each gun, paying out a total of \$360,000.

Salinas Proposes a General Amnesty for Rebels

Compiled by Our Staff From Dispatches
MEXICO CITY — President Carlos Salinas de Gortari on Sunday proposed a general amnesty in the conflict in the southern state of Chiapas.

He urged rebels to lay down their arms and accept an amnesty that would cover all crimes committed in the first two weeks of the insurgency.

Speaking on national television, Mr. Salinas said that he was proposing legislation for an amnesty to cover the period from Jan. 1 to 11 A.M. Sunday, and he ordered the Congress to convene immediately. But Mr. Salinas warned that "any criminal action against the people or against the Mexican Army after this period will not have the benefit of an amnesty."

Mr. Salinas declared that the legislation being sent to Congress signaled the federal government's intent to find peace in Chiapas.

He said that aid efforts, coupled with the amnesty, were compelling

reasons for the rebels, whose numbers are estimated at 1,000 to 2,000, to lay down their arms.

(Reuters, AP)

Mass Grave Is Found
Anthony DePalma of The New York Times reported earlier from Mexico City:

With Mexican and international rights groups investigating complaints of executions, kidnappings and other abuses in the Chiapas uprising, officials have uncovered at least 11 bodies in a grave in Ocosingo that may hold as many as 20 victims of the fighting.

A group overseen by the National Commission of Human Rights began digging on Saturday at the grave, just inside the entrance to the municipal cemetery.

It is unclear who was responsible for the deaths. The director of the cemetery, Genaro Moreno, said the bodies had been buried by local residents within a week. He did not

have clear information about how they had died.

Officials at the Human Rights Commission in Mexico City would confirm only that a team had been sent to the area. But they declined to comment officially until an investigation was completed.

Since the fighting broke out, the commission has received 231 requests for help in finding missing people and has located 136 of the missing. But there is growing concern about people who may have been taken hostage by the rebels and about the possibility that more people may have died than the 107 listed by the government.

Among the hostages is the former governor of Chiapas, Absalon Castellanos Dominguez, who was kidnapped from his ranch near the Guatemalan border on Jan. 2.

According to Noticias, the official news agency, a nephew of the former governor said that he had been contacted by the rebel army and told that a vote would be taken

on whether to execute Mr. Castellanos, 70. The former general has been accused by the rebels of abuse and repression during his administration. He reportedly is in good health.

Ocosingo, about 45 miles (70 kilometers) northeast of San Cristobal de las Casas, was the site of one of the heaviest fighting between the Mexican Army and a group of Indian rebels calling themselves the Zapatista National Liberation Army.

Despite a cease-fire order Wednesday by Mr. Salinas, the army said that it had skirmished Friday with rebels who tried to attack an army unit near Ocosingo.

Otherwise, the area has been quiet and attention has focused on offers by the government to open negotiations.

The man in charge of the talks, a former Mexico City mayor named Manuel Camacho Solis, has said that he recognizes the Zapatistas as

legitimate representatives of the disaffected people in the area.

The government has also agreed to a demand by the Zapatistas that a local Roman Catholic bishop, Samuel Ruiz, act as the principal mediator if and when talks begin. This represents a turnaround for the government, which had placed some blame for the uprising on church workers in the area.

Mr. Camacho Solis returned to Mexico City this weekend to brief Mr. Salinas on what he found during three days of meetings with church leaders and local residents. He said he had not yet received any formal response from the rebels to the president's offer on talks.

Pilot Dies in India Jet Crash

The Associated Press
NEW DELHI — An Indian Air Force MIG-21 jet fighter crashed Sunday, killing the pilot, news agencies reported.

POLITICAL NOTES

A Denial on S&L Cash for Clinton Campaign

WASHINGTON — The attorney for the former owner of a failed Arkansas savings and loan declared Sunday that no money from the bank's cash account had found its way into the campaign treasury of then-Governor Bill Clinton.

The assertion by the attorney, Sam Heuer, rebuts a key suspicion cited in recent news articles about the relationship between Mr. Clinton and the bank, the Madison Guaranty Savings & Loan Association.

Those articles have fueled a dispute in political circles here over whether government investigators should go forward on the dealings of Madison Guaranty and the bank's link, if any, to the Clinton's personal finances. At the request of the president, an independent counsel will soon be named to conduct an inquiry, but Republican critics are pushing for a special congressional inquiry as well.

Mr. Heuer represents James B. McDougal, the bank's former owner, who joined with Mr. Clinton and his wife, Hillary, in a land-development venture called Whitewater Development Corp.

According to news reports, Whitewater had a checking account at Madison Guaranty and was permitted overdrafts. Mr. McDougal was removed from the control of Madison Guaranty by federal regulators in 1986. He was indicted for bank fraud in 1989 and acquitted in 1990.

Mr. Heuer said in a nationally televised interview that the cash accounts of Madison Guaranty had been reviewed by a number of bank examiners in recent years.

"In this case, the cash account was examined by no telling how many people," he said. "It was pored over by the FBI and the Department of Justice" before Mr. McDougal was put on trial.

"There was no diversion of funds that went to Bill Clinton, or anybody else," Mr. Heuer asserted.

Every tax return from the defunct Whitewater company, which was active in the 1980s, showed a loss, Mr. Heuer said. Mr. and Mrs. Clinton have said they lost money on the Whitewater venture, which was formed to sell lots in rural Arkansas for resort homes.

Mr. Heuer said that questions about why the Clintons did not declare the loss on their tax returns was "another mole-hill issue that's being made into a mountain."

Meanwhile, on Sunday, the most outspoken Republican critic of the White House, Representative Jim Leach of Iowa, said the case turned on "an actual investment in some sort of side deal with the then-governor and with the savings and loan owner, and it just didn't smell right."

"There are possible breaches of law," said Mr. Leach, the senior Republican on the House Banking Committee. "But, more importantly, there's kind of a public ethic here that's at issue."

In the end, he said, little alarming may be learned.

"Where there's a lot of smoke, there may be a little fire, but it's more a campfire than a forest fire," he said. (NYT)

Stepping Up Pressure to Repair Everglades

MIAMI — The Clinton administration and the state of Florida are increasing the pressure on Florida's sugar growers in a dispute over cleaning up farm water runoff and restoring the Everglades.

The new strategy, after a deadlock last month in negotiations with the industry, was tersely described at an Everglades conservation conference here by Lieutenant Governor Buddy McKay. "Litigate, legislate, regulate and mediate."

Last week, the pressure created a breach in what had been a solid dike of opposition erected by the growers, as the administration reached an agreement with one grower over cleaning up water pollution.

The agreement with the Flo-Sun company appeared to strengthen the government's hand, but the other major producer, U.S. Sugar Corp., said it would not sign. Flo-Sun and U.S. Sugar each produce nearly a third of the state's sugar.

The agreement commits Flo-Sun to spend millions of dollars annually to reduce phosphorus pollution in water draining from its lands in the Everglades agricultural area. (NYT)

Aspin Hopes to Keep Hand in at Pentagon

WASHINGTON — The departing defense secretary, Les Aspin, may be staying on the Pentagon payroll after all.

Mr. Aspin has told his designated successor, Bobby Ray Inman, that he would like to serve on a high-level Pentagon commission that will study how to reduce duplication in the roles and missions of the armed forces, perhaps even as the panel's chairman. Congress created the panel when it approved the military budget last year.

Mr. Inman will not appoint members of the commission until the Senate acts on his nomination later this month. But Mr. Inman's associates say he is "intrigued" by the idea of appointing Mr. Aspin to study one of the most vexing problems facing the military.

That Mr. Aspin, whose last Pentagon assignment was as chief of staff, would express interest in serving on an advisory panel that must go hat in hand to Mr. Inman for staff and travel allowances has dumfounded many military and civilian Pentagon officials.

"You mean Aspin, the outgoing secretary of defense?" a retired three-star general asked. "I suppose that's a possibility, if he enjoys reporting back to the guy who replaced him." (NYT)

Quote/Unquote

President Clinton, asked in Geneva if President Hafez Assad of Syria had given commitment of his country's intention to normalize relations with Israel: "The short answer is yes. I believe that President Assad has made a clear, forthright and very important statement on normal, peaceful relations." (Reuters)

CHINA: 'Make an Effort'

Continued from Page 1

trading privileges. Mr. Scowcroft said that during their meeting, Mr. Jiang was "not really uptight" about the dispute with the Clinton administration, but rather appeared willing to try to respond to Mr. Clinton's concerns on human rights.

The Chinese president reportedly told Mr. Bush that "within our legal limits, there are some things we can do" on human rights that would be responsive to Washington's concerns.

Mr. Gephart, Democrat of Missouri, praised the diplomatic engagement that is under way with China and said he hoped that it would lead to a resolution of disputes.

"We are hoping for progress on human rights," Mr. Gephart said. "To date there has not been sufficient progress, but we are not at the end of the process."

In case the Chinese did not get the message from Mr. Gephart or Mr. Bush, the White House is sending Treasury Secretary Lloyd Bentsen to Beijing to restate it. Chinese officials told the House delegation that this weekend with the International Committee of the Red Cross on a program that could allow the first Red Cross visits to Chinese political prisoners in the history of Communist rule.

Western diplomats in China said the release last week of two Tibetan human-rights campaigners was also an important development.

American officials saw the release as a goodwill gesture coming before Mr. Christopher meets with China's foreign minister, Qian Qichen, in Paris on Jan. 24-25.

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ON TOUR / SAXOPHONE AND SAUERKRAUT

U.S. Says Others In East Want to Join 'Partnership'

By David B. Ottaway

WASHINGTON Post Staff Writer
BUCHAREST — NATO's offer of military cooperation with the nations of Eastern Europe has started a rush to join among lower-profile states and led them to reaffirm their support for the United States campaign to maintain stiff sanctions against Yugoslavia, according to a senior Clinton administration official.

At the same time, the offer has forced the administration to come up with a clearer policy of support for regional emerging democracies, which includes the United States, NATO, and the United Nations, which had been neglected because of Washington's preoccupation with developments in Russia.

Mrs. Albright, who ended an 11-day tour of eight East European capitals Saturday, expressed satisfaction with the response to the Partnership for Peace program, which would foster cooperation between the NATO and its former adversaries.

NATO formally endorsed the program last week at a meeting in Brussels, and President Bill Clinton then won endorsement from Poland, Hungary, the Czech Republic

and Slovakia at a meeting in Prague.

Other countries, fearful of being left out of the emerging European security structure, have heaped praise on the plan.

"Partnership for Peace is a brilliant breakthrough," the Romanian foreign minister, Teodor Melescanu, said this weekend. "We were convinced from the start that to become an effective member of NATO implies some time and effort. You cannot convert overnight from a Warsaw member into a NATO one."

Mrs. Albright said she felt the NATO partnership had succeeded in "squaring the circle" on three policy issues Washington faced simultaneously in dealing with Eastern Europe: giving a new purpose and direction to NATO, easing Moscow's concerns about U.S. intentions toward the region, and dealing with the anxiety among East European nations that they were being left out.

She appeared delighted that the leaders of Romania and Bulgaria — two key trading partners of Serbia, Yugoslavia's dominant republic — had pledged to continue supporting United Nations sanctions against Yugoslavia despite the cost to their own depressed economies.



President Clinton, waving Belarusian and American flags in Minsk, after visiting a war monument.

Relief Near for Clinton Suite

GENEVA — Dark rings sagged under his eyes and fatigue creased his face, but President Bill Clinton was still going strong Sunday near the end of a marathon journey through six countries in eight days.

An exhausted entourage that filled three Boeing 747 jumbo jets — staff, security agents and press

— could only breathe a collective sigh of relief that the long route through Brussels, Prague, Kiev, Moscow, Minsk and Geneva was almost over.

Mr. Clinton carried off his first trip to Europe as president with the same hectic pace that he set in his 1992 political campaign, making impromptu stops and extending meetings well beyond schedule, including nearly six hours of talks on Sunday in Geneva with President Hafez Assad of Syria.

Usually awake before dawn, he worked hard all day and played hard at night, whether it was toasting President Boris N. Yeltsin of Russia with vodka, drinking beer in a Prague pub, or playing the saxophone for Mr. Yeltsin and President Vaclav Havel of the Czech Republic.

On Saturday, he ate sauerkraut at a Geneva restaurant with his wife, Hillary, and his daughter, Chelsea, to end a day that began in Moscow and was spent mostly in and around the bleak Belarusian city of Minsk.

Even some on his staff were surprised when they heard that Mr. Clinton had been out walking around Moscow's Red Square at 6:30 A.M. on

Saturday, hours after Mr. Yeltsin had given him a Kremlin tour following a state banquet.

One senior White House official learned ruefully that his luggage never made it from Brussels to Prague, having been sent back to Washington. He spent the week wearing the same suit, laundering the same shirt every day, and borrowing underwear and socks.

The luggage of Thomas L. Friedman, the New York Times reporter, was lost but somehow made it safely from Moscow to Geneva. The only problem was that Mr. Friedman had gone to Bangkok, traveling there from Moscow with Treasury Secretary Lloyd Bentsen.

Mr. Clinton's manic pace was linked by senior aides to his grief over the death of his mother, Virginia Kelley. He began the trip only hours after attending her funeral.

Several times Mr. Clinton told his aides privately how happy he was to have lit a candle in his mother's memory at a Russian Orthodox Church in Moscow.

Some White House officials said that Mr. Clinton's pace was driven as well by his excitement over a European tour that was working to his favor, in answer to critics who said before the trip that he was a poor steward of foreign policy.

In addition, it was simply a case of Clinton being Clinton.

"It's easy for a high-energy person like him to get pumped up," said Arthur Jones, deputy press secretary. "To sleep in the Kremlin, having your family with you, to sleep where the czars slept, how can you not be excited about that?"

CHRISTOPHER: Hedges Bet

Continued from Page 1
policies in a news conference last month after the parliamentary elections.

"Gaidar remains, which means the course he is pursuing also remains," Mr. Yeltsin said Dec. 22, 10 days after the elections.

But in the same week, Mr. Chernomyrdin was publicly condemning Mr. Gaidar and his policies for the stunning success of extreme nationalists in the elections and suggesting that he and his reformist group should quit. Mr. Chernomyrdin said that the era of "shock therapy" was over and that it was time to slow the process down.

Mr. Gaidar and members of his team have argued that the problem was not too much reform but too little, that political compromises in the last two years had worsened the pain of transformation and that it was now urgent to move ahead much more quickly so that more Russians would see the positive aspects of the free market.

A Chernomyrdin spokesman said Sunday night that the prime minister had not pushed Mr. Gaidar to leave the government and that he would continue the current reform policies.

"The government has been, and will be, reformist," said Valentin Sergeyev, Mr. Chernomyrdin's press secretary.

It is possible that Mr. Gaidar's announcement is part of a political gambit to increase his clout, and

that of the beleaguered reformist wing of the government. Mr. Gaidar was out of Mr. Yeltsin's cabinet once before — from December 1992, when the hard-line former parliament forced his ouster, until last fall, when Mr. Yeltsin brought him back as a sign of determination to stick with the process.

But it is more likely that Mr. Gaidar has taken the advice of many pro-reform colleagues who have concluded that battles inside the government will block needed reforms, hurting the country's economic situation, and that, politically, it is better to be in opposition and not get the blame. The current parliament was elected only for a two-year term, with new elections set for 1995. Mr. Yeltsin's term also expires that year.

At a news conference on Sunday, Mr. Gaidar said he decided not to accept the post offered him in the restructured cabinet because he "disliked" the policies he backed would be pursued. Mr. Gaidar said he had spoken with Mr. Yeltsin about his decision and "he understands the situation perfectly."

Mr. Gaidar said that he had encouraged the head of Russia's privatization program, Anatoli B. Chubais, to stay in the government until the first phase of the ambitious program to denationalize Russia was completed and the end of June. Mr. Yeltsin told Mr. Clinton this week that Mr. Chubais would be in the new cabinet.

GAIDAR: Yeltsin's Aide Quits

Continued from Page 1
said, when asked about Mr. Gaidar's resignation.

"I wouldn't attribute undue significance to his leaving," Mr. Christopher said, adding that American officials had got wind of Mr. Gaidar's impending move when they were in Moscow late last week.

He saw the resignation as not harmful "if the reforms go forward," as Mr. Yeltsin has assured American officials they will.

Mr. Christopher suggested that the Gaidar move had been likely, given the poor showing in parliamentary elections last month of the reformist party Mr. Gaidar headed. The secretary called the resignation a post-election "catharsis."

Any suggestion that NATO will not approve new East European members until Russia is approved as a member is "just plain wrong," Mr. Christopher said.

In an unusually critical commentary of Mr. Clinton's European trip, meanwhile, former Secretary of State Henry Kissinger said in a separate interview Sunday that Washington was "falling in with

the Russian argument" that expanding NATO would be provocative.

"I do not see why Russia should be entitled to blackmail NATO at a moment of its weakness," Mr. Kissinger said.

Expanding NATO could serve to undermine Russian nationalism, he argued, by showing its proponents that revanchism would mean a return to the same kind of Cold War standoff that resulted in the Soviet Union's eventual collapse.

Partnership for Peace, Mr. Kissinger argued, opens up the kind of "no-man's-land" between Russia and Germany that has always been a threat to peace, Mr. Kissinger contended.

On Jan. 12, Mr. Christopher said that a suggestion from the exiled president, the Reverend Jean-Bertrand Aristide, that he be returned to power by Feb. 7 was "probably not workable."

Father Aristide urged adoption of the deadline at a conference in Miami.

"I think we're not going to commit to that kind of deadline," Mr. Christopher said.

MIDEAST: New Peace Impetus

Continued from Page 1
and in honor we shall make peace," Mr. Assad said.

Flanked by four aides each, the two leaders met in the ornate Salon de Nations in the International Hotel. The session was initially scheduled to last only two-and-a-half hours, but it ran on to four hours and 26 minutes, White House officials said, and was followed by a one-on-one meeting between the two leaders that lasted an additional 56 minutes.

White House officials noted that even those sessions were short by Mr. Assad's standards, and they attached no great significance to the fact that it had been prolonged. "It just seemed to develop a rhythm of its own," said one official.

Apart from the Middle East peace process, Mr. Clinton said he had also raised the issue of Syrian support for terrorism during his meeting with Mr. Assad. He made it clear that the issue had been among those on which they differed, but announced that the two countries would establish a formal mechanism, coordinated by Secretary of State Warren M. Christo-

pher and the Syrian foreign minister, Farouk Shara, to assess and try to make progress in resolving their differences.

Mr. Clinton also discussed with Mr. Assad the bombing of a Pan American Airways jet over Scotland in 1988 that killed 259 passengers and crew and 11 people on the ground.

The relatives of some survivors believe that Syria was responsible for the attack. But administration officials said Mr. Clinton had made it clear that the United States still believed that the two Libyans charged in the case carried out the attack, and asked Mr. Assad only to provide information in response to new, uncorroborated allegations of Syrian complicity.

The meeting appeared at least to have laid a strong foundation for progress on Middle East peace when talks in Washington resume later this month.

Mr. Clinton flew home to Washington at the end of the day after a trip he began Jan. 8 that took him to six countries for meetings with two dozen heads of state.



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Herald Tribune

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For Russia and America

Convince Americans

Why should the United States spend \$3 billion this year to help revive Russia's crumbling economy? The answer, containing the frustrating, militaristic Russia that might emerge from total economic collapse could cost 10 times that much every year. With Russia stabilized and tranquil, America could substantially reduce the defense budget and plow the savings into reclaiming America's cities, revitalizing its failed education system and preparing for the challenges of the next century.

Only now is Bill Clinton wrestling the problem from the International Monetary Fund and speeding the aid that the United States has already pledged. By taking the initiative, he shows that he understands how much Americans have to lose from further delay. He needs to sell Americans on the dividend that will flow from the Russian recovery and suggest how that dividend will be spent. At the same time he needs to acknowledge that it may already be too late to save Russian reform but that, even so, he has no choice but to proceed.

America has pledged its share of aid to Russia, but it has yet to deliver many dollars. It cannot let the opportunity slip away once more. The aid must be delivered even before Russia tightens its budget by shrinking subsidies to unproductive factories. Russia's reformers face a real dilemma. To bring the budget under control they have to put people out of work — and worse. The factory for most Russians means more than a job; it is their social

safety net. It feeds and houses them. And it keeps paying them even if they are not producing anything — a form of unemployment insurance. The recent election results signal a resurgence of nationalism, but even scarier forces could be unleashed by closing down the factories and leaving millions destitute.

That is why Russia needs a new social safety net not tied to the factory. To get one started, it needs outside help. Mr. Clinton and other Western leaders need to make good on their aid pledges now. And they need to persuade taxpayers to put up money for Russia's unemployed when their own people are experiencing many times Russia's unemployment rate.

Mr. Clinton himself summoned up the reasons in a town hall meeting in Moscow on Saturday. "It is in our interest," he told the Russians, "to be able to spend less on defense and to invest more in our own people, in the education and health and welfare and technology that will help to carry us into a better time in the 21st century. It is in our interest to curb the spread of weapons of mass destruction, and to cooperate with you in reducing threats to peace all around the world. It is in our interest to develop new trade ties and new customers. And each of these developments is more likely if we have a genuine equal partnership with a strong and free Russia."

Now President Clinton needs to say that to Americans. It takes the courage to change, as he once put it. That is true, and not only for Russians.

—THE NEW YORK TIMES.

A Necessary Gamble

Say this for Bill Clinton in Moscow. He was ready for the necessary mission of fine-tuning his already confirmed policy of backing Boris Yeltsin's reform drive. And he tended important American security interests. He got a look at official and unofficial Russians, and they at him. The key question about his Russia policy — whether he is excessively committed to one leader, one school of reform, one country — will and should continue to be argued. But he will have a stronger claim for his views for having been on the Kremlin ground.

Security first. The agreement to buy desperately pressed Ukraine out of nuclear status can serve both nonproliferation and regional stability, if — big if — it is ratified in Kiev and respected in Moscow. The arms control and commercial arrangements for converting uranium from old weapons into power plant fuel are ingenious. Taking Russian and American missiles off their American and Russian targets does not alter the strategic equation but will let people sleep better. All these steps fall in the category of tending the Cold War.

By the time President Clinton brought his NATO partnership proposal to Moscow, he had already addressed some of Eastern Europe's anxieties about being left out in the cold by an American initiative too tilted to Russia. Mr. Yeltsin's qualified approval of the proposal means that it now becomes something that East Europeans and Russians will vie to shape to their own purposes. So the "Wither NATO?" debate goes on.

Meanwhile, it was disappointing to hear Mr. Clinton offering some comfort, rather than expressing necessary reservations, to Moscow's claim of a special and "stabilizing" military role in strife-torn parts of the "near abroad" of former Soviet republics. Precisely in this claim, not in Eastern Eu-

rope's or the republics' understandable reaction to it, lies the principal security problem of post-Cold War Europe.

Mr. Clinton also brought to Moscow a well-founded anxiety about emergence of the forces — fairly dubbed "ultranationalist" — personified by Vladimir Zhirinovskiy. There are different views of how explicitly Washington should address this phenomenon. To openly take up distance from Mr. Zhirinovskiy, however, is a piece of embracing Mr. Yeltsin. In a sign of where the fault line now lies in Russian politics, he invites worried Americans to look beyond reform's diminished parliamentary numbers to the people's strong support for his pro-presidential constitution.

More reform and more social services — or more "shock" and more "therapy" — is the domestic policy formula that Mr. Clinton now commends to Russia. Mr. Yeltsin agrees. They are right. The favored policy means large risk. But either standing still or trying something else also, means large risk. President Clinton recalibrated the American position. There was no talk of big handouts; a safety net, said Mr. Clinton bravely, is "our business." Mr. Clinton offered market opening, debt rescheduling, trade, investment, technical assistance and energy help. These are realistic measures.

Mr. Clinton was upbeat about the broad Russian-American prospect. Said Mr. Yeltsin, who knows well that the greater load falls on Russia: "I do not want to be too optimistic now." Russia is attempting a reformation under the most trying conditions. American help still does not rise to the level of the American interest in the success of a democratic, free market Russia, but the target is moving and times are tough. The United States must do what it can now and remain alert to respond if and as Russian reform takes deeper hold.

—THE WASHINGTON POST.

Progress in Indonesia?

Can the United States use the threat of trade penalties to get authoritarian governments to treat their own people with more respect? Indonesia presents an important test case. The Clinton administration must decide by next month if Jakarta has relaxed its repressive labor policies enough to warrant renewal of a special U.S. trade preference that allows \$650 million worth of Indonesian goods to enter the United States duty-free.

Congress decided in 1984 that the preference, meant to help developing countries, should be withheld from those that fail to maintain minimum international standards of labor and union freedom. Since then, several countries have seen their privileges temporarily suspended. But under Presidents Ronald Reagan and George Bush, the penalty was very sparingly applied. By taking on Indonesia, a large regional power and part of the dynamic East Asian growth region, the Clinton administration intentionally signaled a new course.

Already the threat of penalties has had good effect. During the past few months Indonesia has announced a series of steps expanding labor union rights and raising minimum wages for some of its poorest workers. No one seriously believes that these steps would have been taken now were it not for the Clinton initiative. But are these advances enough to justify renewal? Indonesian labor activists still face severe repression, including harsh prison sentences, military intervention in strikes and restrictive rules on union democracy and jurisdiction.

The administration will make its decision based on what Treasury Secretary Lloyd Bentsen reports after a two-day visit to Indonesia that began on Sunday. The right criteria should not be whether Indonesia has eliminated all remaining abuses, but whether Mr. Bentsen believes that it is now committed to continued reform and liberalization.

—THE NEW YORK TIMES.

Other Comment

A Major Credibility Problem

Taken on their individual merits, the "scandals" that are dogging John Major's Conservative Party are trivial. Yet together they are endangering the government's ability to do its job — to govern. And they are doing so because the party has destroyed its own credibility. Responsibility for this has to end up behind the door of 10 Downing Street.

A coup — most notably a breakthrough in Northern Ireland, though this looks less likely

by the day — could rescue Mr. Major and restore his credibility. Yet this cannot be relied upon. If he is to carry on in Downing Street, Mr. Major and his ministers will have to hope that steady actions make up for what words have lost. He is defended by the poverty of alternatives: a feeble, divided Labor Party, and Liberal Democrats who still appear to have no chance of governing alone. [However,] the plain fact is that time and patience are running out.

—The Economist (London).

East Europeans Should Let History Be History

By Jim Hoagland

WASHINGTON — A retired American diplomat writes, in exasperation, to "Why do The Washington Post and the television networks devote more attention to John Wayne Bobbitt's penis than to the demarcation of Ukraine?"

Fair question. Answers have to do with high reader and viewer interest in sex, in pitched courtroom battles and in the state of belligerency that exists between the sexes in modern American society. Readers understand more easily what happened to Mr. Bobbitt's severed member, even

In politics as in sexual struggle, revenge against history is an untrustworthy muse. Revenge leads to a dead end and new oppressions.

if they argue about the cause and justice of that unkindest cut, than about what is going to happen to Ukraine's SS-19 silos. (About the same thing, perhaps?)

The ambassador may have been struck, as was I, by the frantic visual jumping by CNN from scenes of President Bill Clinton's journey across Europe and Russia to the Bobbitt trial in Manassas, Virginia. CNN producers showed that they knew what was important and what would hold their audience.

The juxtaposition of the imagery of high-stakes trial in Prague and evidence kitchen knives in Manassas invites confusion of a high order, the mixing of sexual apples and political oranges. Allowing for the stretch, though, the coverage does offer up an unintended subliminal commentary on sex and politics, underlining, as my correspondent notes, the impor-

tance and meaning that the media and the public assign to each.

Consider this lapidary sentence, which seems to me to provide some subtleties or at least annotations for the crossover of sexual and political issues, then and now:

"It was a freedom more than a pleasure," Anatole Broyard writes of sexual liberation in New York's Greenwich Village in 1947. Tearing down sexual barriers erected by previous generations was "perhaps even a polemic, a revenge against history," Mr. Broyard says in his posthumously published memoir, "When Kafka Was the Rage."

Revenge against history (personal history and national history) is very much in the air again, a driving force of our time, as the battle of the sexes becomes a full-fledged war and liberation from the tyranny of communism shapes the international political agenda. But there is insufficient urgency to them after decades of oppression and colonization. They are like Mr. Broyard's World War II veterans, artists and students moving into Manhattan's Bohemia to wrestle with "an American life that had not yet been split open." It was "still all

nor the means for its pleasures, to echo the meaningful distinction made by Mr. Broyard, a New York literary critic who died in 1990. That is in part what makes Central and Eastern Europe, stretching from Prague and Berlin in the West to Kiev in the East, the world's most intellectually exciting and stimulating zone today.

That zone contains societies hard at work on understanding and altering the nature of freedom, granted abruptly to them after decades of oppression and colonization. They are like Mr. Broyard's World War II veterans, artists and students moving into Manhattan's Bohemia to wrestle with "an American life that had not yet been split open." It was "still all

nor the means for its pleasures, to echo the meaningful distinction made by Mr. Broyard, a New York literary critic who died in 1990. That is in part what makes Central and Eastern Europe, stretching from Prague and Berlin in the West to Kiev in the East, the world's most intellectually exciting and stimulating zone today.

It's the Pentagon's Turn to Try Its Hand at Peacekeeping Policy

By Stephen S. Rosenfeld

WASHINGTON — The unfortunate collapse of Morton Halperin's nomination as the Pentagon's man for international peacekeeping and democracy leaves the Clinton administration without a sharp focus on a set of gritty post-Cold War issues that will not go away. The signs are that the administration is prepared to live with the discomfort for the moment.

In dealing with ethnic conflict in Bosnia, disruption of democracy in Haiti and chaos in Somalia, officials consumed political capital and political energy alike. The tough questions about the use of military power in circumstances of global disorder have not been answered, but temporarily at least they have been moved from the active file to "too hard."

No lone assistant secretary of defense was himself ever going to turn this political and bureaucratic tide. But there is a clear signal in the political congestion that forced Mr. Halperin's withdrawal and in the question raised about the necessity for creating this new post at all by the newly designated Pentagon chief, Bobby Ray Inoué. It is a signal of retreat from a promising policy frontier that had been staked out by departing Defense Secretary Les Aspin, seemingly with the president's backing.

How odd that Bill Clinton is still regarded in some quarters as a woolly-headed internationalist. The line of policy — support of UN peacekeeping — that did most to bring that early judgment upon him has been cut away back.

The Clinton team started out looking with favor on the United Nations to keep the peace in the quarrelsome places that the old great powers no longer bestrode. For its pains, it came under somewhat hysterical attack for supposedly turning over U.S. foreign policy to the United Nations. Its response was to add a qualifier, as in the slogan "assertive multilateralism," to describe its intent not only to work with others on this task but also to display American leadership.

Between the split-level promises to act collectively and to go it alone, there was always a hint of a gap. Still, this gap did not seem too great for skillful policy bridge. Skillful policy did not bridge it, and the gap grew. Snip-snips on both the American and UN sides rubbed it raw.

The people of Somalia, Haiti and Bosnia are paying most of the price for it. Not to speak of the other national inflammations that have been

kept off the United Nations' emergency list not because their cases have been treated but because the doctor is nursing a bad bug of his own.

There is now no consensus concept of peacekeeping. The United Nations necessarily must speak for all its members. No self-respecting international organization can limit efforts of police and fire services to a few members. But the United States wants to pick and choose not just among those members to be helped but also among the services. Its selectivity is not without a national logic but is calamitously contagious.

When the United States hesitates, almost everyone else hesitates. We-Americans have barely begun to examine this core dilemma of contemporary peacekeeping.

In this conceptual limbo, nonetheless, some useful practical work can still be done. By paying up peacekeeping assessments, for instance, the United States can escape the no-win condition of being both the world body's biggest payer and its biggest debtor. It is widely agreed that UN peacekeepers should be better prepared organizationally and operationally. Some of these improvements are being made; more should be. There could be a UN analogue to NATO's new Partnership for Peace — get ready

for the big time before your number is called.

The American debate on these issues promises no early breakthroughs. Once hopeful but thrice burned, President Clinton has edged back. The prevailing official view is that "international peacekeeping is fine for the other fellows but does not serve an interest vital enough to merit certain costs, including possible casualties, for Americans."

The contrary view is that, as the single global power and as a country that has forsaken intervention on its own, the United States has a greater interest than anyone else in the United Nations' success in this enterprise. This is the view that Mr. Clinton started out with, and it is on the defensive.

Perhaps a new crisis somewhere will make a difference. And perhaps Mr. Inoué will have some thoughts. What about, for instance, tucking peacekeeping into the defense budget? As a military activity it fits, and as a budget item it might be better protected. The Pentagon and the armed services committees might then fairly expect to tighten their policy hold. Mr. Halperin may be out of the loop, but the generals — and not only they — need to get into it.

—The Washington Post.

Not Watergate, but This Self-Defeating Secrecy Looks Familiar

By Lou Cannon

WASHINGTON — Richard Nixon on arms control six weeks before his Watergate-forced departure from the presidency in 1974. Mr. Nixon's last, sad foreign trip as president came to mind as Bill Clinton, en route to Russia, caved in to clamor for investigation by an independent counsel of his involvement with the Whitewater Development Corporation.

Whitewater is no Watergate, but there was something Nixonian about President Clinton's odd reluctance to recognize the inevitability of an independent legal inquiry.

There was a Nixonian flavor, too, to the outburst of George Stephanopoulos,

the Clinton adviser who blamed "a barrage of innuendo, political posturing and irresponsible accusations" for an inquiry that the White House should have championed.

Mr. Stephanopoulos sang a different tune during the 1992 presidential campaign when Democrats managed to defeat Mr. Clinton's tangled involvement with Whitewater and a business partner, James McDougal, by raising questions about a failed Colorado savings and loan involving one of President George Bush's sons.

The national savings-and-loan scandal, the bipartisan product of a

Democratic-controlled Congress that relaxed lending laws for an industry generous in campaign contributions and of a Republican White House totally lacking in regulatory zeal, was so potentially embarrassing to both presidential nominees that the issue was never adequately debated.

But Whitewater, formed in 1978 by Arkansas's then attorney general, Bill Clinton, Mr. McDougal, and their wives to sell resort lots in the Ozarks, deserves an investigation.

It is a matter of record that Madison Guaranty Savings and Loan Association, a thrift bought by Mr. McDougal

in 1982, allowed Whitewater to overdraw its checking accounts. It is also a matter of record that the Clintons erroneously claimed an interest deduction on their 1984 tax returns for a \$20,000 loan at another bank that had been paid off by Whitewater. The Clintons later said this was a mistake by their accountants.

Because financial issues seem dull and complicated, the media were slow to investigate the savings-and-loan scandal. In 1992, most news organizations largely accepted the Clintons' claim, advanced in a report by a Denver attorney and filed, that they lost their \$66,800 investment in Whitewater. Mr. McDougal said after the election that their loss was much less, and there are suspicions that Whitewater helped defray costs of Mr. Clinton's 1984 gubernatorial re-election campaign.

Neither the media nor the senators who demanded the investigation know if the Clintons did anything worse than make a bad investment. But the Clintons are not fools, and politicians do not usually hide something unless they have something to hide.

Bert Ely, a respected financial consultant and one of the early whistleblowers in the savings-and-loan scandal, has said that the report on Whitewater by the Clintons' attorney is "rife with gaps and inconsistencies." Soon after White House aide Vin-

cent Foster committed suicide on July 20, 1993, other aides secretly removed Whitewater files from Mr. Foster's office. Mr. McDougal has since acknowledged that he had telephoned Mr. Foster to ask for Whitewater documents in the weeks before Mr. Foster's death.

What is most disturbing is that White House aides concealed what they had done and then suggested that Mr. Foster was hounded to death by insensitive media.

It does not follow that the Clintons have done anything illegal. Like Mr. Nixon, they seem to have an obdurate commitment to secrecy even when secrecy does not serve their purposes. This was evident in the run-up to the Clinton health plan, which probably would have more public support if Hillary Clinton had allowed the options to be debated openly.

In the Whitewater case, obsession with secrecy may have blinded the Clintons to political reality. Americans love mysteries, as the Watergate and Iran-contra investigations demonstrated, and long to see them solved.

If Whitewater was merely a bum investment, the Clintons could have ended the mystery long ago. Instead their surreptitious conduct has sown doubts that only a competent, professional and thoroughly independent investigation can dispel.

—The Washington Post.

A Challenge for Mickey on 42d Street

By Frank Rich

NEW YORK — The expansion of Walt Disney Company is poised to gain a foothold on the least Disneyesque thoroughfare in America, New York's naughty, bawdy 42d Street. Is Disney's \$30 million plan to turn the decrepit old New Amsterdam Theater, the former Ziegfeld palace, into a showplace for family stage fare yet another sign that Goofy is minding the store? Disney's corporate behavior has been so Mickey Mouse of late that you have to wonder.

In Hollywood, Disney embarrassed itself last fall by becoming the first studio to kowtow under to the screen-violence witch-hunt. When an 18-year-old boy died after foolishly imitating a stunt in a movie called "The Program," Disney cut the scene — setting a mindless precedent of self-censorship. And a cynical precedent at that. The sacrifice of the Program on Janet Reno's altar was virtually cost-free, since the movie was already a flop.

Since then the studio has unloaded a formidable bounty of holiday turkeys. As the Disney Studios chairman Jeffrey Katzenberg joked last week at a UCLA conference on entertainment technology, "Even if you put interactivity in 'Cabin Boy,' it ain't gonna help, there is that."

Further from home, there is that Waterloo known as Euro Disney. Its travails, worthy of Feydeau, are more farcical than "Sister Act 2."

It took a certain cultural hubris to open a theme park outside Paris where no wine would be served and where French employees would be

required to wear broad smiles. It took chutzpah to symbolize the park with an exorbitant castle even though France's most famed châteaux are an easy drive away. Disney lost \$514 million on its 49 percent stake in Euro Disney in the past fiscal year. Even Chairman Michael Eisner rates the venture's financial performance D for "dreadful."

Undaunted, Disney has set its sights on a patch of Virginia 30 miles outside Washington. There it hopes to build a historic theme park named Disney's America hard by Monticello, Mount Vernon and an actual Civil War battlefield.

"We want to make you feel what it was like to be a slave," said a Disney vice president at a press conference. After those words appeared on the front page of The Washington Post, Mr. Eisner amended them, stating that the park would present America as "the best of all places" and would not be "all about some sort of guilt about the past."

Since then, Disney's America has been ensnared both in a predictable cultural war about how closely it resembles "Song of the South" and a debate about what development chaos it might bring to its rural setting.

By contrast, development is exactly what is needed on 42d Street. Which is why the New Amsterdam project may not be Disney's coup de grace (as they say at Euro Disney) but a smart move that marks

the beginning of the company's comeback as a civic Aladdin.

The sleeping 42d Street block intersecting with Broadway requires Disneyesque commerce. If Times Square is ever again to be the crossroads of the world, by re-lighting the New Amsterdam, Disney will attract more tenants to the other dark theaters on the street and more customers to the other struggling theaters throughout the Broadway district.

Just as valuably, Disney will shake up both the management and labor status quo in the New York theater. For the first time in memory, a new theater owner and producer will have the clout to help stop the spiral that is leading to the \$75 ticket.

But 42d Street also has something to give back to Disney: increased contact with the real world beyond its theme parks and studios. As the amusement park historian Judith Adams has written, the original Disneyland, introduced on television by Ronald Reagan almost 40 years ago, set a dubious corporate precedent: "Disneyland's location beyond the Los Angeles urban area, with no mass transportation connections to the city, isolated it from the unruly and poorer elements of the urban population."

In Times Square, the original Adventureland, Disney is going to meet those elements right at the subway stop. Its intersection with the broad urban audience on 42d Street could end up changing the face of Disney's America as much as it brightens New York's.

—The New York Times.



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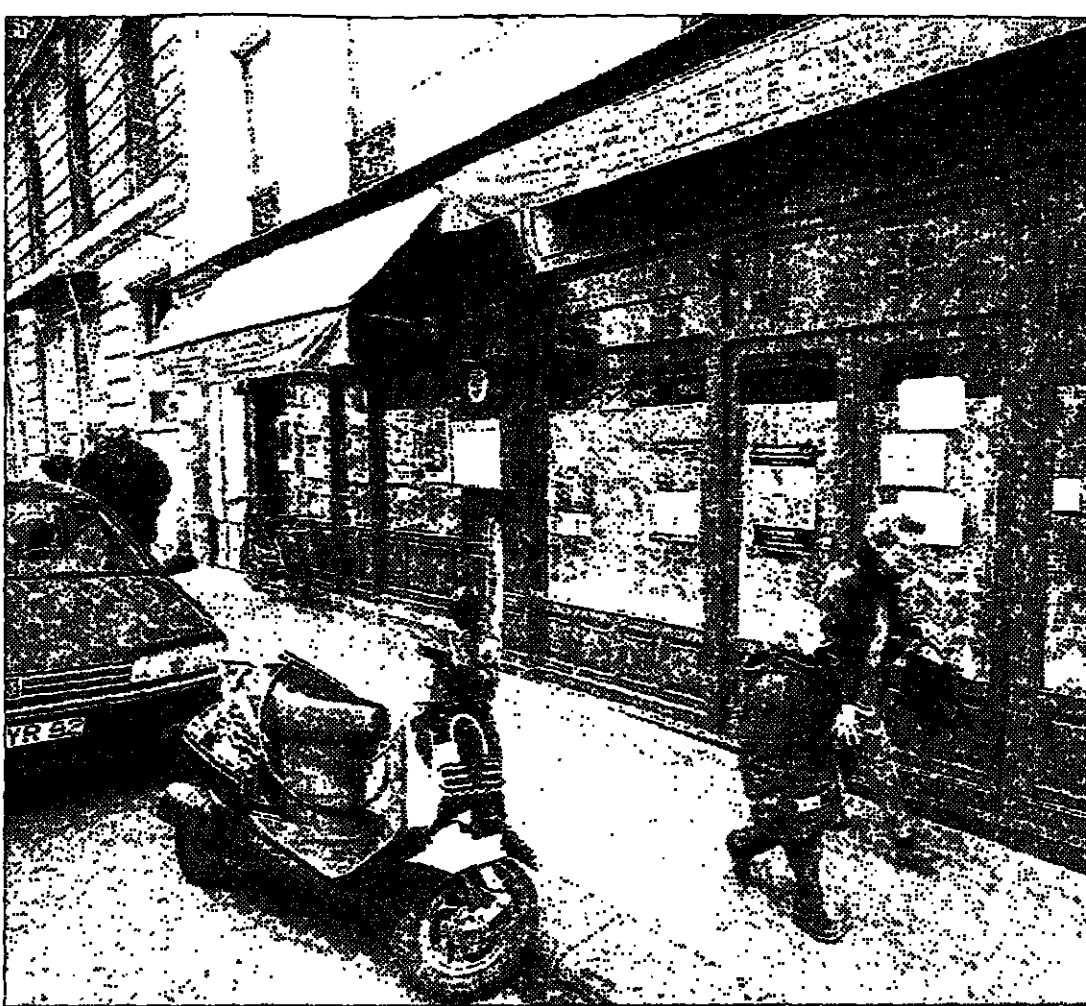
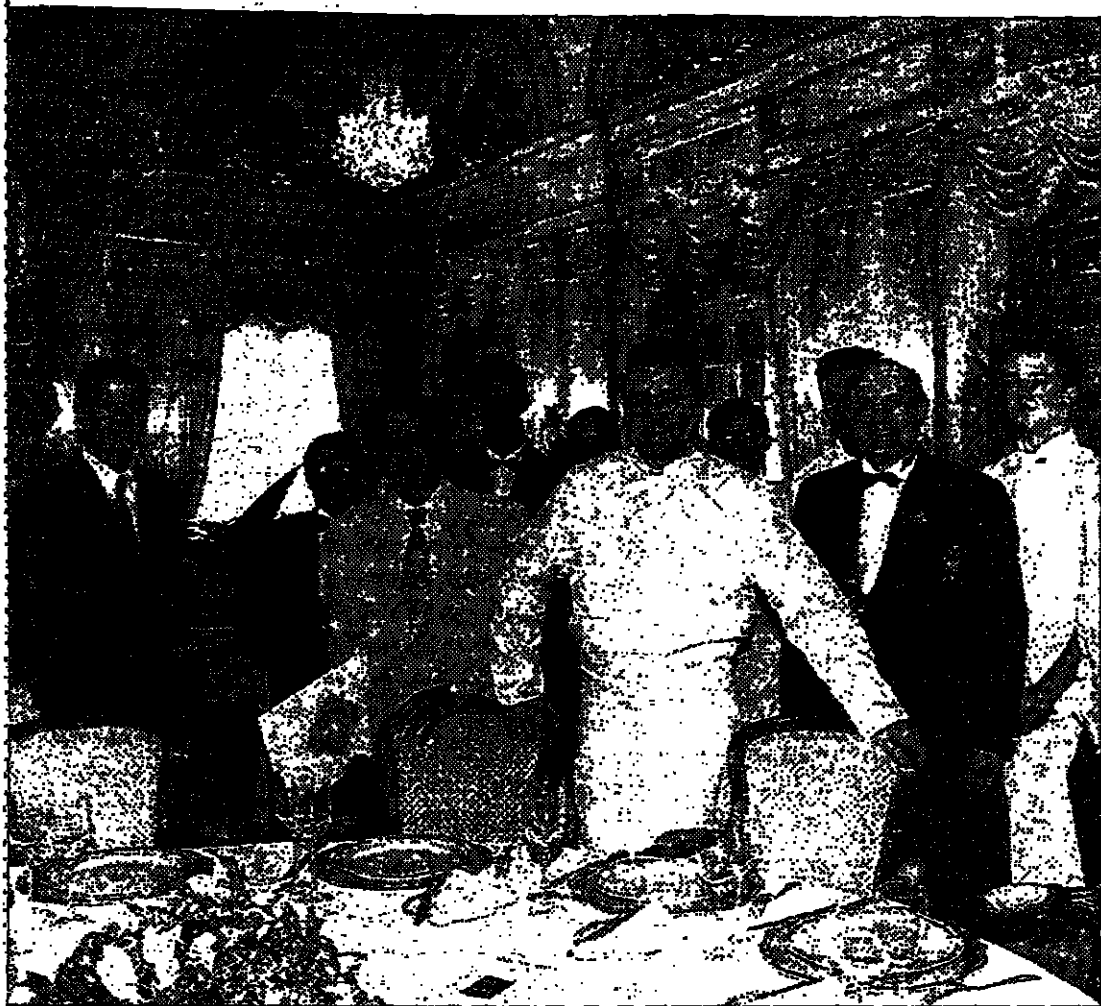
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Rating the World's Best Restaurants: FRANCE



Alain Ducasse and his staff in the dining room of Le Louis XV-Alain Ducasse in Monte Carlo; facade of Le Caméléon restaurant in Paris.

With this page on France, the IHT's restaurant critic, Patricia Wells, continues to rate the world's top restaurants. Each month features a different destination and an extended review of several of the best restaurants in that region. A companion report focuses on more casual and affordable restaurants. In future months we will look at Britain, Italy, Germany, Spain and more. If you would like to share your favorite finds with Patricia Wells, please write her at the IHT.

The Top Tables

- No. 1: Joël Robuchon, 59 Avenue Raymond-Poincaré, Paris 16, tel: 47-27-12-27.
- No. 2: Le Louis XV-Alain Ducasse, Hôtel de Paris, Place du Casino, Monte Carlo, tel: 92-16-30-01.
- No. 3: Guy Savoy, 18 Rue Troyon, Paris 17, tel: 43-80-40-61.
- No. 4: Taillevent, 15 Rue Lamennais, Paris 8, tel: 45-63-96-01 and 45-61-12-90.

PARIS — Joël Robuchon, a national treasure, a king of rigor and excellence, keeps astonishing us all with his ability to reinvent himself moment by moment. The latest recommendation of this 46-year-old chef is a change of address, upgrading — as he says — from a Denis Chevau to a Rolls-Royce. Open since Jan. 5, his Art Nouveau hôtel particulier on Avenue Raymond-Poincaré ushers in a new era of his historic opulence. And his menu — which remains only a handful of dishes that became classics at his *Jardin on Rue de Longchamp* — signals a nostalgic return to his country roots, with hearty, elaborate, robust fare that includes a pot-au-feu of cured pork paired with buttered cabbage and truffles; an explosive layered macaroni gratin chockablock with truffles, foie gras, and a celery ragout; pigeon cooked on a spit and served with potatoes fried in goose fat; and an entire lobe of duck foie gras surrounded by a cream of lentils. My admiration for this chef has long been public record — I collaborated with him on a cookbook several years ago. But that association doesn't undo this undeniable fact: Robuchon is still tops. Through simple tenacity, endurance and discipline, he manages to deliver a roast chicken that brings tears to the eyes; moist, fragrant, crisp, paired with a swirl of richly crusted tubular pasta that's dusted with Parmesan and roasted to tenderness. Essence of chicken, delivered directly to your plate. Robuchon molds, melds, seasons, extracts the greatest out of everything from cauliflower to razor clams, foie gras to caviar. Some dishes are so complicated, they're like a jigsaw puzzle not complete until the last piece is in place: Fat fresh morels, crushed foie gras, calf's-foot jelly gather to form an *andouille*, not a soup, not a main course, so perfect and shimmering you don't want to run it with a spoon. Lobster is cooked within a millisecond of perfection, harmonized with a delicate hand with curry, star anise; a single roulet is filleted and spread open like a book, set atop grilled slices of garlic and thyme-infused potatoes, accented with a deep-fried basil leaf and a vibrant green chlorophyll sauce. Robuchon brings the palate to heights it never dreamed of, and he says he'll keep working his magic for only two more years. He insists he'll retire at the top of his career. For a million dollars, I couldn't guess which way the winds will blow.

Closed Saturday and Sunday. Menus at 890 and 1,200 francs (about \$150 and \$200). A la carte, 1,200 francs.

Monte Carlo: capital of glitz, glamour, scandal. So what's a nice guy like Alain Ducasse doing in a place like this, cooking his heart out for a lot of people who care more about flat bellies than *cochon de lait*? At Louis XV-Alain Ducasse — amid the Christie's vermillion tableware, portraits of Madame de Pompadour and Madame du Barry staring down at you, and with a terrace view of the latest in Ferrari, Daimler, Bugatti, Rolls and Jaguar — we dine on Ducasse's fresh, vibrant, varied cuisine. He straddles two nations, France and Italy, gleaming the best from each. Olive oil from Italy, vegetables from Provence, poultry from Haute Provence, fish from the Mediterranean, with an extraordinary array of breads, pastries, chocolates from the warren of kitchens he oversees. His food takes a sensual, rustic turn with a giant green ravioli set on a bed of wilted arugula and baby violet artichokes. At the table, the waiter crushes a bit of soft sheep's-milk cheese with oil and a touch of black pepper and spoons it over a dish that sings of springtime. Ducasse's virtuosity with vegetables is unrivaled. A platter of his vegetables from the gardens of Provence could convert even the most hard-line steak-and-potatoes man.

Pigeon is grilled over hot coals, along with a slab of foie gras, and served simply, with grilled new potatoes. But his tour de force is *cochon de lait*, suckling pig, roasted over wood coals, paired with a crustal slab of lard the size of a Walkman, served with evily perfect gnocci and parchment-thin slices of raw artichokes. Ducasse loves combining the raw and cooked version of the same ingredients on a single plate: raw tomatoes are topped with a soft confit of tomatoes; raw artichokes are tossed in a vinaigrette, then paired with artichokes browned in olive oil; fresh raw basil leaves perfume a fish fillet, showered with fried basil leaves. In short, a study in the luxury of simplicity, the simplicity of luxury. Ducasse's cuisine is one of dignity, diligence and perseverance, a cuisine of the senses, and of someone who is propelled into the kitchen by the sheer force of gourmandise.

Closed December, two weeks in February, Tuesday and Wednesday (open evenings June 23 to Aug. 23). Menus at 620 and 800 francs. A la carte, 800 francs.

Spirit, creativity, swing define the ever-modern, ever-exciting cooking of Guy Savoy. For 14 years I have followed the evolution of his rare, energetic cuisine, and always leave his pampered dining room with a sense of astonishment. Few chefs change dishes as radically as he does from month to month, and the delectable level of creativity is so high, you often feel as though the conception of some dishes goes straight from his brain to your plate. That said, few chefs remain as wedded to the classics, as he gathers inspiration from the sea, the land, the potager, the forest, the barnyards of the world. His combinations are inspired, but never wacky; and while he'll throw us an international dish every now and then with risotto, or a carpaccio of scallops, he remains true to his French upbringing.

For starters, Savoy pairs turbot and an artichoke vinaigrette, along with a dollop of potato puree — an alabaster trio that opens the palate and sets it up for more robust fare to come. His fish offerings are impeccably fresh; a lovely whole roasted Saint Pierre cooked on the bone, soft, sweet, tender, and delicate, seductively simple and sublime, is paired with a regal sea-urchin sauce. One of his most inspired dishes of the moment is a complex pheasant soup, consisting of a rich broth laced with nut-flavored white beans, showered with sizzling cubes of roasted pheasant (in imitation of croûtons), served with tiny toasts served with a soothing pheasant-liver mousse. Savoy manages to extract the heaviness from food without extracting flavor, remaining authentic to his cause. The dish embodies what's right about modern French food: light, complex, nothing compromised.

But perhaps the best dish I've ever sampled at Guy Savoy was a perfectly orchestrated soup of artichokes, Parmesan and truffles. Each ingredient stood on its own, yet the end result was far greater than the sum of its parts. I often dream of what good hands France would be in if there were 1,000 Guy Savoy's. We could stamp out the stodginess, boredom, copycatism and greed that has come to typify too many modern establishments.

Closed Saturday, lunch and Sunday, 750-franc menu; à la carte, 800 francs.

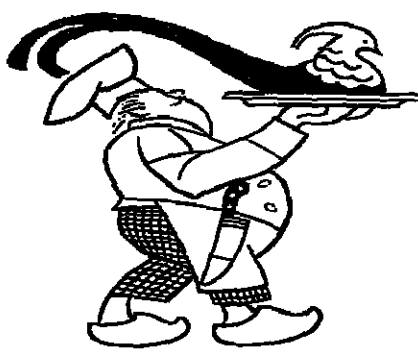
If Taillevent did not exist, someone would have to invent it: the pillar of French cuisine, the ideal of what can be and should be done in running a restaurant, in treating each guest with honor and dignity. With Jean-Claude Vrinat at the helm, this very grown-up, intimate club, is in fact open to all. Taillevent is a sober (but never somber) Napoleon III hôtel particulier rich with wood, deep tones of blue and red. With the kitchen in the hands of Philippe Legendre, the cuisine shines with offerings that are both classic and modern. The menu offers fare that's varied and sound, from a sublime *consommé de volaille* to a *poulette de Bresse en cocotte luite*, the regal Bresse chicken hermetically roasted, to capture fully its heavenly essence.

A favorite dish is his *onglet et filets d'agneau*, marinated in sea salt for three days, then rolled in rosemary and garlic, wrapped in caul fat and roasted in a veil of butter. A touch of foie gras, a toss of cabbage with butter, and you're on your way to a complex and very satisfying dish. Satisfaction guaranteed, as well, with his unfussy *suprême de bar au gros sel*, top-of-the-line fish roasted to perfection in a bed of coarse sea salt. Or the soothing *crème de lentilles aux truffes*, a frothy delight of warm and creamy lentil soup topped with a dollop of whipped cream and dotted with truffles.

Taillevent's famed *marquise au chocolat* — like a rich and comforting pudding for adults — has some real competition with its warm *moelleux au chocolat*. Half soufflé, half pudding, the little chocolate wonder is topped with a spectacular thyme ice cream. And with all this, you get the incomparable Vrinat, the model restaurateur and sommelier. He gives Taillevent a touch of security and dependability with which no one can compete. His dedication to wine gives us the very best, from the little known Côte Rôtie of Roger Burgaud, to de Montille's Pommard Pèzerolles, to a surprising rose de pinon from Charentais.

Closed Saturday, Sunday, February school vacation and the last week of July to the last week of August. A la carte, 800 francs.

THE TOP 10



With this column, the IHT begins its list of the 10 best restaurants in the world, and of the 10 best affordable restaurants. With each monthly report, the list will change — some restaurants may drop down, some may disappear as new competition comes on board.

- The Top Tables**
- No. 1: Joël Robuchon, 59 Avenue Raymond-Poincaré, Paris 16, tel: 47-27-12-27.
 - No. 2: Le Louis XV-Alain Ducasse, Hôtel de Paris, Place du Casino, Monte Carlo, tel: 92-16-30-01.
 - No. 3: Le Louis XV-Alain Ducasse, Hôtel de Paris, Place du Casino, Monte Carlo, tel: 92-16-30-01.
 - No. 4: Ki-Cho (Kitcho), Chuo-ku, Ginza 1-11-2, Hotel Seijo (B1, basement), Tokyo, tel: 3535-1177.
 - No. 5: Jiro, Chuo-ku, Ginza 4-2-15, Tsukamoto Sozan Building (B1, basement), Tokyo, tel: 3535-3600.
 - No. 6: Guy Savoy, 18 Rue Troyon, Paris 17, tel: 43-80-40-61.
 - No. 7: Taillevent, 15 Rue Lamennais, Paris 8, tel: 45-63-96-01 and 45-61-12-90.
 - No. 8: Restaurant Daniel, 20 East 76th St., New York, tel: (212) 388-0033.
 - No. 9: The Inn at Little Washington, Middle and Main streets, Washington, Virginia, tel: (703) 675-3800.
 - No. 10: Chez Panisse, 1517 Shattuck Ave., Berkeley, California, tel: (510) 548-5525.

- Casual Dining**
- No. 1: Al Formo, 577 South Main St., Providence, Rhode Island, tel: (401) 273-9767.
 - No. 2: La Tupina, 6 Rue Porte de la Monnaie, Bordeaux, tel: 56-91-56-37.
 - No. 3: Frontiers Grill, 445 North Clark, Chicago, tel: (312) 661-1434.
 - No. 4: Victoria City Seafood Restaurant, Sun Hung Kai Centre, Wanchai, Hong Kong, tel: 827-9938.
 - No. 5: City Chin Chow Restaurant, East Ocean Centre, 98 Granville Road, Tsim Sha Tsui East, Kowloon, Hong Kong, tel: 723-6226.
 - No. 6: La Carabosse, 6 Rue de Chevreuse, Paris 6, tel: 43-20-63-43.
 - No. 7: Shibusen, Chuo-ku, Ginza 5-8-2, Ginza Koish Building (B1 basement and second floor), Tokyo, tel: 3571-1717.
 - No. 8: Nanbanette, Minato-ku, Roppongi 4-5-6, Tokyo, tel: 3402-0606.
 - No. 9: Otafuku, Taito-ku, Senzoku 1-6-2, Tokyo, tel: 3871-2521.
 - No. 10: Cafe Crocodile, 354 East 74th St., New York, tel: (212) 249-6619.

CASUAL DINING

- No. 1: La Tupina, 6 Rue Porte de la Monnaie, Bordeaux, tel: 56-91-56-37.
- No. 2: La Carabosse, 6 Rue de Chevreuse, Paris 6, tel: 43-20-63-43.
- No. 3: La Beaugravère, Route N-7, Mondragon, tel: 90-40-82-54.

THE trick of any successful artist is to make it all seem easy. Like Fred Astaire dancing. He looks like he's having so much fun, we forget he's working like mad. Cooking successfully over coals takes that Astaire practice. Get the fire hot enough, but not too hot. Keep it going, evenly, at the right temperature. Know your ingredients. Time it right. At La Tupina, a longtime favorite bistro in Bordeaux, they've got it all down — grilling, roasting on a spit, finishing off in an oven-baked dish to give it that welcoming hint of smoke. And they make it all look so easy. The owner, Jean-Pierre Xiradakis, is a man of the senses, and delivers gastronomic nirvana from a stone hearth in the form of potatoes sautéed in duck fat over the fire, a plump poulet rôti stuffed with sausage and ham and roasted on a spit, thick juicy beef portions of well-marbled steak, hearty portions of steaming foie gras paired with truffles, en papillote. Isn't it wonderful, the way it car-

ries flavors, aromas, satisfies as nothing can? If the food weren't so good, so real, so honey and down to earth, La Tupina might be just a stage set, a museum piece. Yet diners come here as though they're making a pilgrimage to a long-lost grandmother, to be warmed by the fire, attended to. The gentle red Bordeaux is poured, and we're home again.

Closed Sunday and holidays. Menus (lunch only) at 100 and 150 francs (\$17 to \$25). A la carte, 300 francs.

When I've been away from Paris for a stretch and want an infusion of the capital's gastronomic best in all its simple glory, I head for Le Caméléon, a quintessential bistro where the food has flavor, character, personality. A neighborhood spot in Montparnasse, far from the tourists' gaze, this funky, homey, carefree spot run by Raymond and Jacqueline Faucher always makes me glad to know that traditions are alive and well in France. The fare ranges from such modern additions as *légumes à la nage* (not a soup, but rather cloudlets of shellfish in a fragrant broth) to a robust salad of oxtail on a bed of greens. Raymond Faucher is a former butcher, so you can trust his bavette, fragrant and cooked to rosy perfection, teamed up with a state-of-the-art potato puree, sizzling roasted tomatoes and buttery endive. Desserts vary from soft, golden, tender *fondant aux poires*, to a simple whole baked apple, filled with a scoop of calming honey ice cream. Wines are above par, and there's always a new discovery, such as the smoky,

haunting Chino, Domaine Dozène, Clos du Saut au Loop, 1991.

Closed Sunday, Monday and August. A la carte, 150 to 250 francs.

A truffle restaurant as a casual table? Well, wait. Guy Julien's little country dining room off National Route 7 south of Montlithmar, is one of those rare country spots where you can eat and drink your fill for 100 francs or 1,000. At La Beaugravère, Julien indulges his three passions — wine, truffles, the best ingredients of Provence — and we're the lucky beneficiaries. The simple 125-franc menu boasts a saffron-infused fish terrine, a ragout of lamb with olives, a classic *nougat glacé* flavored with the honey of Provence. La Beaugravère offers such understated fare as a salad of earthy potatoes topped with rounds of fresh and fragrant black truffles, a touch of salt, a drop of newly pressed olive oil from the cooperative at Maussanne les Alpilles. An entire foie gras is infused with greater depth of flavor. He marries artichokes and scallops, roasts lamb with a touch of fresh thyme, cooks rabbit with a rich black olive spread, garlic and thyme, and uses the rich red syrah from Fonsalette for a pan-fried steak worthy of its name. In short, an ideal little spot, a simple restaurant with noble tastes.

Closed Sunday evening, and Monday from Oct. 1 to Easter. Menus at 125, 198, 320 and 390 (includes wine) francs. A la carte, 125 to 375.

TIPS

WHILE French headlines speak of economic crisis, and restaurants cry over empty tables, Paris remains a rather robust gastronomic capital. Hard times have a good way of weeding out excesses, and there's no question that a shake-up was in order. A decline in overall quality of cuisine? No question about it. The French palate is less educated than ever before, and the traditional exigence is becoming a thing of the past. That said, the top tables have never offered greater variety, purity and simplicity. And

flexibility and choice. Several years ago diners would have been offered a good rag on the knuckles for ordering two first courses instead of a first and a main course. Likewise, a glass of wine, rather than a half or full bottle. Less time for dining also means more competition with fast-food outlets: bakeries, pastry shops, sandwich shops, and Asian carry-outs have expanded their offerings and in many cases increased our choices. The economic crunch has also forced restaurants and shops to increase hours and to cut back on closing days, again making life easier for us all.

But perhaps the most negative — and predictable — observation is that the nonsmoking section has never taken off. Ask to be seated in the nonsmoking section of a restaurant and you'll be laughed into the street.

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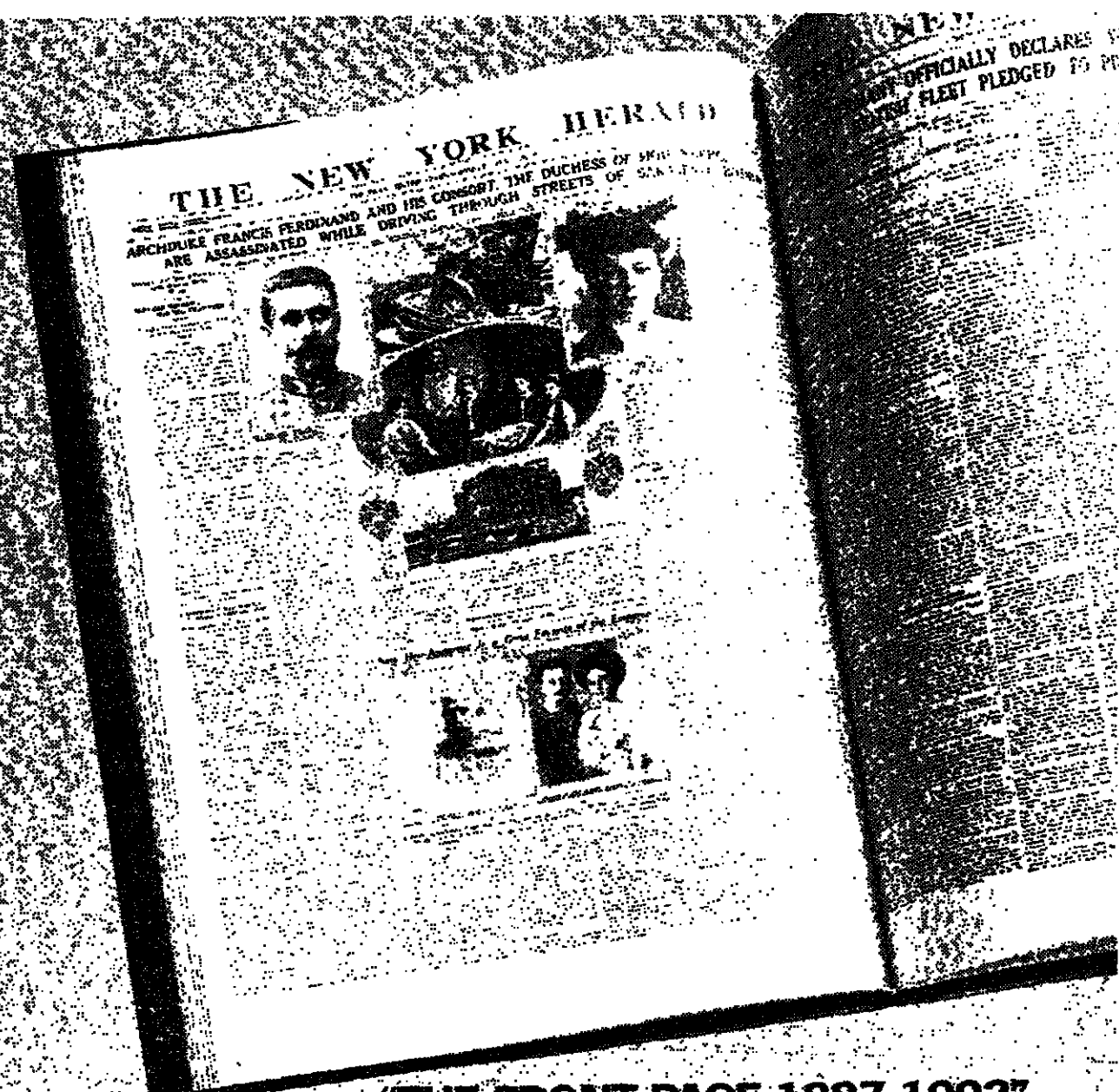
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Indian Oil No.
Indonesia Fe

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Ed May 16
Ed 17-18 May 18

Yes

NASDAQ NATIONAL MARKET

OTC Consolidated trading for week ended Friday, Jan. 14.

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Continued on Page 12

Close of trading field: Jan. 14	Grp Non Ed Non
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Close or nothing I need, Jan. 14.

MUNYA 111.37	-02	Quoted 27.33	+25	Govind 10.61	-04	PrinTY n 11.46	-07	SSES Pd n 15.92	+10	SecB 15.77	+29	StG n 22.48	+38	StG n 22.48	+38	StG n 22.48	+38
CapGB 13.99	+16	Shares n 07.90	+75	ST CA n 10.17	-	Princl Pwr:	-	SBI Pwr:	-	StG n 19.23	+19	Value n 6.50	+03	Value n 6.50	+03	Value n 6.50	+03
EmGr 18.91	+46	NCC Pwr:	-	Palm Wdr:	-	DivAch 13.50	+17	StG n 12.43	+14	StG n 12.43	+14	StG n 12.43	+14	StG n 12.43	+14	StG n 12.43	+14

04	PRIMRY 11.40	-07	SECF Pd n	15.92	+10	SecrBt	15.77	+29	USGV n	7.2	+38	SecrBt	7.29	+07	
	Prcl Prsn:		SEI Pwrds			SecrBt	19.83	+19	Value n	6.20	+03	SecrBt	5.90	+06	
	DvlAch	13.50	+17	Salonc n	12.45	+14	SecrBt	17.28	+10	Value n	6.23	+03	SecrBt	10.44	+03

GOVERNMENT		PRIVATE		TOTAL		PERCENT								
Govt PFI	10.01	-04	Bldg Rpt	11.32	-04	TelGBz	12.81	+06	USLargest	15.22	+02	Growth	9.82	+19
InstPFI	10.48	-01	Bolind p	10.54	-02	TelGBz	18.43	-04	USAA Group				Income	10.43
SP 100 PFI	15.41	+21	CapGrn	11.86	+18	USIBz	14.86	-04	Amgen n24	24	+05		IntPFI	13.24

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23	Cost	11.35	-0.24	StimInv np	18.09	-1.02	Print p	8.23	+0.03	GNMA	-10.26	-0.05	Quality	11.77	+0.04
24	CapAcc	20.72	-0.24	StimInv p	10.82	-0.03	PrintInv p	8.49	+0.03	Gold n	9.92	+0.13	Wood	10.77	+0.08
25	Emerg	24.34	-0.24	StimInv np	18.09	-1.02	StimOsc	12.19	+0.01	Gov Gov	10.57	+0.13	Wood Struc	10.57	+0.01
26	Cost	11.34	-0.24	StimInv p	10.74	-0.03	StimOsc	12.19	+0.01	Gov Gov	10.57	+0.13	Wood Struc	10.57	+0.01

1.16	Growth	30.09	+34	Winn In	16.70	+02	JAGUIN	23.20	Growth	17.80	+12	Winn In	10.56	-00
1.17	Managed	12.97	+08	Electric	14.27	+02	Society	14.23	IncSt n	14.23	+08	Winn In	11.07	+07
1.18	TE Bd	12.44	-82	Electric	10.60	+17	Balance	10.11	Income	12.70	-04	WinnAT	10.12	+01
				KST	10.50	+01	Income	13.77						

04	Utilities	10.48	-.67	MidCap	11.81	+12	GrVest	12.23	+10	Wm	14.78	-.04	WingIn	13.62	+13
01	World	7.33	-.08	PA Mkt	10.95	+01	GrSlk	10.26	+15	NYBdn	11.78	-.04	WAGm	15.58	+25
	ProgrsVl	11.38	+.41	S&P Comp	14.41	+24	IntGr	12.14		SHFTBnd	10.06		Woodward		
							IntmInc	9.99	-.01						

01	PIF Adm'n 10.24	Costs hp	11.16	+0.85	InvGrBd	9.97	-0.01	ThelTn	12.24	-0.01	Bond	10.40	-0.01
02	PIF Adm'n 07.12	CostA hp	16.31	+0.28	Lid In	10.44		ThelTn	14.75	-0.02	Enbld	11.36	+0.12
07	Prov Inv Coasale	SIFE Trust	2.93	+0.6	Gr Rpsd	14.59	+0.26	ThesRn	10.70		GrVal	11.31	+0.03

InstGrth	11.26	+30	GrthInc	25.51	+45	OH TF	11.34	+03	WildGrn	12.82	+02	InstGr	11.46	
SmCapGr	12.91	+20	Growth n	12.94	+34	SpGrStk	10.28	-01	USt Master:	10.87	-77	InstGr	11.46	+04
						SpGrVst	10.37	+17	Asia			InstGr	11.46	+02

26	PrudacPac	7.41	+.04	sm	15.31	-.36	StkGr	10.22	+.12	EngAmr	9.91	—	maured	10.75	+.24
26	Prudential Fnd			TotlRet	10.70	—	US GovB	11.22	+.03	Equi	20.59	+.35	Opport	14.58	+.37
29	Nichia	13.77	+.22	US Gov	10.64	-.07	VotStk	10.28	+.12	EquiGr	12.34	+.11	Working Assn		
30	Nichia	13.79	+.22										ChnGro	13.44	+.10

A&A	9.66	+0.81	B&T	10.15	-	S&N	7.20	-0.02	Citic	10.71	+0.12
BlackGv	9.23	-0.02	CoGrnd	12.64	+0.17	S&N Vol	7.15	+0.15	Crisl	11.21	+0.05
Calma	10.43	0.00									

Symbol	Price	% Chg	Symbol	Price	% Chg	Symbol	Price	% Chg
Quark p	16.80	-.31	COBT	12.66	+17	SOTVONED	10.77	-.04
QuAA p	14.09	-.38	MGST	10.53	-.03	SOTVONCS	10.77	+.02
QuinCA	13.90	+11	MGST	10.53	-.03	SOPISK	37.11	+67
QuinA	11.48	+.09	MGST	10.53	-.03	NY TE		

17	GLBA D	14.11	-.40	ST Bdy Tr 10.09	-.01	34-Tech	9.70	+.01	PanEuro	8.16	-.16	Wright Funds:
18	GLBA	1.28	-.01	Whit Trn 9.99	-.01	Stagcoach Funds	ST TckEx	7.12	-	Qin	10.75	-.05
19	GLBA	14.00	-.01	Whit Trn 7.57	-.01	AsstAic	19.10	+.12	Unltd Ret	Qin	14.47	-.05

GPIA tp	9.20	-18	Vallini p	10.25	-19	Bolm p	12.09	+08	InBCh	13.53	-10
GPIA p	9.23	-08	Vallini n	10.65	-64	CATF	11.18		JRCh	17.98	+07
GPIA p	12.68	+14	Solico Fondo			GrEq p	14.85	+27	NorRed n	18.92	+08
MVIA p	8.36	-04				InBd	10.45	-81			
						CrStk n	33.63	+36			

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27	PacGrA	16.79	—32	VRG	10.73	—01	Accumutiv	7.27	+35	Yackinn	9.77	+32
28	STIGA	9.33	+32	Swedish Invest			Bond	6.43	—01	YarnGlob	9.30	—33
29	LMIA	9.42		Equity	31.42	+55	Contrib	21.50	+39	Yarns Nordic		

01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	00
01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	00
01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	00
01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	00
01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	00
01	02	03	04	05	06	07																																																																																													

Egyptian	14.09	+17	MATEB	8.29	-62	Hightec	9.76	+34	ZS GVA P	12.62	+31
Electric	13.88	+11	Cop n	21.34	+58	Secur n	20.38		ZS GVA A	18.42	-01
FISIB T	12.13	+10	Inves n	15.97	+19	STAR n	19.81	+81	ZS P AP	12.88	+08
G	15.18	+10									

01	Fluorin	12.19	+ .70	Support	30.57	+ .20	Sm-Cap	50.11	+ .61	01	Fluorin	12.19	+ .70	Support	30.57	+ .20	Sm-Cap	50.11	+ .61
02	Fluorin	11.57	+ .30	Schell-V	32.19	+ .13	Star	12.15	+ .14	02	Fluorin	11.57	+ .30	Schell-V	32.19	+ .13	Star	12.15	+ .14
03	GNMA	14.72	- .05	Schell-V	21.74	- .18	Star	12.15	+ .14	03	GNMA	14.72	- .05	Schell-V	21.74	- .18	Star	12.15	+ .14
04	GNMA	1.00								04	GNMA	1.00							

Stellar	10.7	-	Scudder	10.7	+0.07	Stellar	11.69	+0.07	Refined	11.20	+0.18	ZS GWS	10.39	-0.01
										8.04	+0.05	ZS P B	12.79	+0.08

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1. The first step in the process is to identify the problem or issue that needs to be addressed. This involves gathering information and understanding the context of the problem.

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New International Bond Issues

Compiled by Laurence Deville

Issuer	Amount (millions)	Mat.	Coups	Price	Price and week	Terms
Floating Rate Notes						
BT Securities Corp.	\$200	1997	1/4	99.815	—	Over 3-month Libor. Noncallable. Fees 0.25% (Golder Paoletti Int'l)
Canada	\$2,000	1999	1/4	99.27	—	Below 3-month Libor. Callable at par from 1995. Fees 0.15% (M&C)
Foreningsbanken	\$100	2004	1.10	99.60	—	Interest will be 1.10 over 6-month Libor until 1999, when bond is callable at par, thereafter 2% over. Fees 0.65% (Denominations \$100,000) (Chemical Bank)
Goldman Sachs Group	\$200	1999	1/4	99.90	—	Over 3-month Libor. Noncallable. Fees 0.20% (Goldman Sachs Int'l)
Helaba	\$100	1997	1	100	—	Over 3-month Libor. Noncallable. Fees 0.20% (Denominations \$100,000) (Merrill Lynch Int'l)
Morgan Stanley Group	\$250	1997	1/4	99.78	—	Over 3-month Libor. Noncallable. Fees 0.25% (Morgan Stanley Int'l)
Nafinsa	\$150	1996	1/4	99.825	—	Over 6-month Libor. Noncallable. Fees 0.25% (Golder Paoletti Int'l)
Nomura Int'l	\$100	2004	1/4	99.60	—	Over 6-month Libor. Minimum coupon 5%. Noncallable. Fees 0.25% (Nomura Int'l)
Sweden	\$200	1996	1/4	100	—	Over 3-month Libor. Noncallable. Fees 0.15% (Denominations \$100,000) (Morgan Stanley Int'l)
Deutsche Pfandbrief & Hypothekbank	DM 2,500	2003	1/4	100	—	Interest split between 1 billion marks paying the 3-month Libor and priced at 99.85, and 1.5 billion marks paying the 6-month Libor and priced at 99.81. Noncallable. Fees 0.25% (DGB Bank)
Cheltenham & Gloucester Building Society	£150	1999	0.10	99.44	—	Over 3-month Libor. Callable at par in 1998. Fees 0.10% (Denominations £100,000) (Cheltenham & Gloucester)
Int'l Finance Corp.	¥150,000	1999	0.40	100.55	—	Below 6-month Libor. Indexed at 100.43. Noncallable. Fees 0.25% (Jafco Finance Corp. & Tokyo-Mitsubishi Bank)
European Bank for Reconstruction & Development	¥20,000	1999	1/4	105.70	—	Over 6-month Libor. Noncallable. Fees not disclosed. Denominations 100 million yen. (EBRD Europe)
Int'l Finance Corp.	¥10,000	1999	0.40	105.99	—	Over 6-month Libor. Noncallable. Fees not disclosed. Denominations 100 million yen. (EBRD Europe)
New Zealand	¥10,000	2001	1	108.70	—	Over 6-month Libor. Noncallable. Fees not disclosed. Denominations 10 million yen. (Nikko Europe)
Nordic Investment Bank	¥30,000	1999	1/4	104.82	—	Over 6-month Libor. Noncallable. Fees not disclosed. Denominations 100 million yen. (Nikko Europe)
Queensland Treasury Corp.	¥20,000	1999	1	107.05	—	Over 3-month Libor. Noncallable. Fees not disclosed. Denominations 10 million yen. (Nikko Europe)
Fixed-Coupons						
Belgium	\$500	2003	5/8	96.66	95.65	Noncallable. Fungible with outstanding issue, raising total amount to \$1,000. Fees 0.325% (Denominations \$100,000) (Merrill Lynch Int'l)
Investor	\$200	1999	6/8	100.96	99.40	Reaffirmed at 99.46. Noncallable. Fees 1.5% (Denominations \$100,000) (CS First Boston)
Boyerische Landesbank	DM 1,000	2004	6	102.40	99.55	Reaffirmed at par. Noncallable. Fees 2.5% (Boyerische Landesbank)
Deutsche Bau und Bodenbank	DM 225	2004	5/8	101.30	—	Interest will be a fixed 5.6% until 1997, thereafter the 6-month Libor, with a minimum of 5% and a maximum of 7.5%. Noncallable. Fees 1.75% (DGB Bank)
Finland	DM 2,000	2001	5/8	100.95	98.50	Reaffirmed at 99. Noncallable. Fees 2.5% (Orebank Bank)
Reemtsma Finance	DM 250	2001	6/8	101.80	99.45	Reaffirmed at 99.55. Noncallable. Fees 2.5% (Deutsche Bank)
Suedwest Deutsche LB Capital Markets	DM 250	1999	5	101.27	—	Reaffirmed at 99.57. Noncallable. Fees 2% (Goldman Sachs)
WestLB Finance (Curaçao)	DM 1,000	2004	6	102.20	99.35	Reaffirmed at 99.80. Noncallable. Fees 2.5% (WestLB)
Abbey National Treasury Services	£500	1999	6	99.19	—	Noncallable. Fees 0.275% (Santander Montagu)
Borlands Bank	£500	2004	6/8	100.72	—	Reaffirmed at 99.02. Noncallable. Fees 2% (Borlands Bank)
Borings	£100	perpet	9/8	99.58	—	Callable at par in 2024. Fees 0.75% (Boring Brothers)
Boyerische Hypothekbank	£100	1999	6	101.14	—	Reaffirmed at 99.67. Noncallable. Fees 1.5% (Montagu Bank)
De Nationale Investeringsbank	£150	1999	6/8	99.86	—	Noncallable. Fees 0.30% (Santander Montagu)
Holifax Building Society	£500	2004	6/8	100.85	—	Reaffirmed at 99.185. Noncallable. Fees 2% (Deutsche Bank)
Nationwide Building Society	£150	1999	6/8	100.94	—	Reaffirmed at 99.20. Noncallable. Fees 1.5% (Boring Brothers)
Caisse Nationale des Autoroutes	FF 2,500	2002	5/8	99.06	98.70	Noncallable. Fees 0.30% (Société Générale)
Société Nationale des Chemins de Fer Français	FF 3,000	2006	6	100.87	99.75	Reaffirmed at 99.92. Noncallable. Half of issue marketed in France. Fees 1.35% (BNP)
LKB Baden-Wuerttemberg Finance	DF 300	2004	5/8	100.35	99.50	Reaffirmed at 99.60. Noncallable. Fees 1% (ABN Amro Bank)
Sweden	DF 500	2004	5/8	100.94	—	Reaffirmed at 99.55. Noncallable. Fees 1% (Rabobank)
Boyerische Landesbank	FF 300,000	1999	7/8	101.60	99.70	Noncallable. Fees 1.5% (Deutsche Bank)
Boyerische Vereinsbank	FF 250,000	2004	7/8	101.70	99.70	Noncallable. Fees 2% (Credito Italiano)
European Investment Bank	FF 1.1 trl	1999	7/8	101.00	99.85	Noncallable. Fees 0.25% (Banca Commerciale Italiana)
Export Development Co.	FF 200,000	2001	7/8	101.00	100.00	Noncallable. Fees 1.5% (Paribas Capital Markets)
IMI Bank Int'l	FF 300,000	1999	8	101.40	99.85	Reaffirmed at 99.85. Noncallable. Fees 1.5% (IMI Bank)
Inter-American Development Bank	FF 250,000	2004	7/8	101.85	99.80	Noncallable. Fees 1.5% (J.P. Morgan Securities)
European Investment Bank	FF 20,000	2004	7/8	101.60	—	Noncallable. Fees 1.5% (Santander de Negocios)
BellSouth Capital Funding	ECU 125	1999	5/8	101.06	99.70	Reaffirmed at par. Noncallable. Fees 1.5% (Morgan Stanley Int'l)
Caisse Française de Développement	ECU 200	2001	5/8	101.405	99.05	Reaffirmed at 99.83. Noncallable. Fees 1.5% (Goldman Sachs Int'l)
Crédit Foncier de France	ECU 300	2001	5/8	101.175	98.95	Reaffirmed at 99.60. Noncallable. Fees 1.5% (Paribas Capital Markets)
Eurofima	ECU 225	2001	5/8	101.575	—	Reaffirmed at par. Noncallable. Fees 1.5% (Swiss Bank Corp)
KFW Int'l Finance	ECU 200	2001	5/8	101.525	—	Reaffirmed at 99.95. Noncallable. Fees 1.5% (Goldman Sachs Int'l)
U.K. Pass-Through Securities	ECU 250	2001	5/8	101.175	—	Reaffirmed at 99.60. Noncallable. Fees 1.5% (Morgan Stanley Int'l)
Finland Export Credit	FF 2,000	1999	6	99.45	99.85	Noncallable. Fees 0.30% (Goldman Sachs Int'l)
Export Development Co.	FF 150	1997	5	100.10	99.20	Reaffirmed at 98.90. Noncallable. Fees 1.5% (Paribas Bank)
Hydro-Quebec	FF 1,000	2004	7	98.38	98.90	Semiannually. Noncallable. Fees 0.25% (Denominations \$100,000) (Merrill Lynch Int'l)
KFW Int'l Finance	FF 250	2004	6/8	100.30	—	Reaffirmed at 98.90. Noncallable. Fees 2% (Deutsche Bank)
Montréal	FF 125	2001	6/8	100.85	98.40	Reaffirmed at 99.20. Noncallable. Fees 1.5% (Wood Gundy)
Ford Credit Australia	Aus 75	1999	6/8	101.40	99.00	Noncallable. Fees 2% (Monrovia Bank)
Italy	¥300,000	2001	3/8	99.98	98.80	Semiannually. Noncallable. Fees 0.30% (Deutsche Bank)
Equity-Linked						
Hong Kong Land Holdings	\$410	2001	4	100	—	Noncallable. Convertible at HK\$31.05 per share, a 15% premium, and at HK\$27.24 per share, a 25% premium (Robert Fleming & Co)
Kuraray	\$200	1998	1/4	100	—	Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at an expected 25% premium. Fees 2.5%. Terms to be set Jan. 19, (Deutsche Bank)
Kyocera	\$500	1998	1/4	100	—	Noncallable. Each \$10,000 note with two warrants exercisable into company's shares at 4,458 yen per share and at 113.45 yen per dollar. Fees 2.5% (Deutsche Bank)
NGK Spark Plug	\$250	1998	1/4	100	—	Noncallable. Each \$10,000 note with two warrants exercisable into company's shares at an expected 25% premium. Fees 2.5%. Terms to be set Jan. 18, (Merrill Lynch Int'l)
Sonoma Shuttle	\$460	1998	1/4	100	—	Noncallable. Each \$3,000 note with one warrant exercisable into company's shares at an expected 25% premium. Fees 2.5%. Terms to be set Jan. 18, (Deutsche Bank)
Sam Commercial Bank	\$160	2004	3/8	100	—	Noncallable. Convertible at 255 baht per share and at 25.55 baht per dollar. Fees 2.5%. Increased from \$150 million. (Merrill Lynch Int'l)
Michelin	FF 3,500	2001	2/8	—	—	Each bond is priced at 255 francs and will be convertible into one of the company's shares at 307 francs, a 12.78% premium. If not converted, notes will be redeemed at 307 francs for a 5.09% yield. Noncallable. 2.4 billion francs issued globally, balanced by existing shareholders. Fees not disclosed (Société Générale)

Debt Relief For Russia Is Gaining Momentum

By Alan Friedman

International Herald Tribune

PARIS — Leading Western creditor countries will hold a meeting in Paris on Wednesday and Thursday to discuss Russia's ability to service its \$54 billion of official external debt.

The meeting comes amid growing concern that capital flight from Russia and economic uncertainty will hinder Moscow's capacity to make interest and principal payments, more than \$10 billion of which will fall due during 1994.

Last year members of the Paris Club of creditor nations agreed to reschedule \$15 billion of interest, principal and debt payments in arrears.

Both U.S. and Japanese officials have indicated recently that they expect the Paris Club meeting this week to decide to allow Russia to avoid making some \$1 billion to \$2 billion of debt payments that are due between now and April.

Although it is not officially on the agenda, Western government sources interviewed said they also expect the Paris meeting to begin exploring whether a broader Russian debt relief plan is needed.

The idea of offering Moscow the kind of debt forgiveness that became necessary in Latin America in the 1980s is being ruled out at present, but one U.S. official said "this short-term, quarterly approach cannot go on much longer." In an interview this official said there was "a growing consensus in Washington that we may have to have a more comprehensive agreement on Russian debt."

The Paris Club group is expected to await the results of a forthcoming International Monetary Fund mission to Moscow before coming to a formal consideration of debt rescheduling that would go beyond the first quarter of this year.

The \$54 billion of official Russian debt is the largest single component of the country's estimated \$85 billion to \$90 billion of total foreign debt. The second largest item, also the subject of continuing discussion, is about \$24 billion of commercial bank debt.

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Cuts Sought in Aluminum Output

BRUSSELS — Officials from major aluminum-producing countries met this week in Brussels to discuss voluntary output cuts in a heavily oversupplied world market.

The reduction target ranges up to 2 million tons a year over an 18-month period. Various estimates of annual global production in recent years put the total at between 18 million and 19.5 million tons.

Participants at the two-day session starting Tuesday are the 12-nation European Union, negotiating as one, plus the United States, Canada, Norway, Australia and Russia.

"I think governments see the seriousness of the situation," said Dick Donner, president of the European Aluminum Association.

Optimism rose after Canada's Alcan Aluminum Ltd., said last week it would temporarily cut primary aluminum capacity by 156,000 tons a year.

In Europe, capacity has fallen by 25 percent since 1991.

ing U.S. interest rates in the near future.

The latest innovation, a variation on the low-tech "collared" floater, which sets minimum and maximum interest rates, is the "collar" floater. There have been four to date, including last week's \$200 million two-year issue from Sweden.

It will pay quarterly interest of 75 basis points over the three-month London interbank offered rate, currently 3.25 percent, but only when Libor falls within a set range. With a minimum of 3 percent throughout, the maximums for Libor are set at 4 percent in the first six months, 4.75 percent the second six months, 5.5 percent the third six months and 6 percent in the final six months. No interest accrues to investors on any days the actual Libor figure is outside the specified range, or corridor.

Of special interest: The first Eurobond denominated in Czech koruny is being issued by Zivnostenska Banka, which is 40 percent owned by BHF Bank in Frankfurt. It is selling 1 billion koruny (about \$35 million) of three-year paper carrying a coupon of 11 1/2 percent.

The International Herald Tribune's weekly list of international bond issues will no longer include issues below \$100 million or the equivalent.

Continued from Page 9

slowly. But the BIS data show scheduled Euro redemptions in the quarter running at the equivalent of \$6.4 billion, providing ample liquidity to absorb the new issues.

Activity in the yen is also sharply above the year-earlier level, at \$8 billion yen, with Italy last week having sold 300 billion yen of seven-year paper. Japanese interest rates at 3.27 percent for 10 years and 2.5 percent at five years are the lowest in the industrial world, and bonds now are not looking attractive. Supply is increasing with the government agencies unloading debt they held, and new supply is likely to be large once the government announces a fresh fiscal stimulus plan, expected this month.

With the mark weakening against virtually all currencies, activity is up quite sharply in sterling and French francs. Both currencies are expected to continue to appreciate against the mark, and a big decline in French interest rates — providing bond holders with substantial capital gains — is awaited.

One of the most striking changes seen so far this year is a relative paucity of fixed-coupon dollar paper, which at \$3.2 billion is 50 percent below last year, and a surge in floating-rate notes to \$3.8 billion, more than double the year-earlier pace. This is hardly a surprise, though, as conventional wisdom has the Federal Reserve Bank rais-

Fear of Higher Rates Clouds Horizon

Compiled by Our Staff From Dispatches

NEW YORK — Treasury securities prices fell last week as traders sensed the market was sailing into potentially stormy seas, with a new surge in the American economy's growth increasing the risk of higher interest rates.

Stronger-than-expected economic data released Friday, the latest of several such reports, sent the Treasury's 30-year bond down 1/4 point in price to 99 17/32. The bond's yield, which moves in the opposite direction from its price, rose to 6.29 percent from 6.23 percent a week earlier.

Rates on shorter maturities rose slightly, with three-month and six-month bills up 1/8 basis point, or hundredths of a percentage point, to 2.56 percent and 3.14 percent, respectively.

News that industrial production in December had risen 0.1 percent, rather than an expected gain of about 0.3 percent, and that capacity utilization at America's factories was up to 83.5 percent in December helped depress prices.

Such signs of economic strength worry bond traders because a growing economy has a tendency to generate inflation, which erodes the value of fixed-income investments. To ward off inflation, many now expect the Federal Reserve Board to force interest rates higher in the next one to three months, making existing bonds less attractive to investors.

Robert Dederick, chief economist at Northern Trust Co. in Chicago, said there had been a change in expectations over the past week, with the market first believing the Fed will tighten in the second half and then back to

thinking it will happen late in the first quarter.

Elliott Platt, director of economic research at Donaldson, Lufkin & Jenrette Securities, said he saw a better-than-even chance that the Fed would act to bring short-term rates about half a percentage point higher between mid-February and mid-April.

The supply of bonds in the market also is starting to be a concern again, Mr. Dederick said. The Treasury is scheduled to announce Wednesday how many two-year and five-year notes it will sell next week. Those auctions will

be followed by the quarterly refunding sale of three-year and 10-year notes and 30-year bonds in early February.

The government-securities market in the United States will be closed Monday for the Martin Luther King Day holiday, although other financial markets will be open.

In another potential sign of growth and inflation to come, the University of Michigan told subscribers Friday that its preliminary index of consumer sentiment had jumped to 95.8 in January from 88.2 in December.

Dana Johnson, head of market analysis at the First National Bank of Chicago, said the improvement in consumer confidence explained the unexpectedly strong December retail sales reported Thursday.

That and other recent statistics, he said, suggest that fourth-quarter growth will be even stronger than previously expected. He said the

consensus forecast for fourth-quarter growth probably had inched up to about 5 percent a year from 4.5 percent just a few days earlier.

Vice President Al Gore, in a television interview Sunday, went beyond even that estimate, saying the economy was "booming at a 6 percent rate" and with inflation still low according to recent reports, was "once again headed in the right direction."

Douglas Schindewolf, a money market economist at Smith Barney Shearson, said the bond market's previous assumption that economic growth would slow substantially in the first quarter of this year would prove mistaken.

He said he expected the United States' gross domestic product to grow at a 4 percent annual rate in the current quarter, not far from the 4.7 percent growth rate he estimates for the fourth quarter of 1993.

But the first comprehensive statistics on how the economy started out the year won't arrive until early February, Mr. Schindewolf predicted, that the market would trade in a range until then, with the 30-year bond's yield continuing to bounce around 6.25 percent.

Robert Parry, president of the San Francisco Federal Reserve Bank, indicated Friday that he did not believe the economy would maintain its recent pace. He said after a speech in Los Angeles that the strong fourth-quarter growth was an aberration and predicted growth for all of 1994 would settle down to around 3 percent.

But he acknowledged that "if you had persistent high growth, it would raise cautionary signs for the Fed."

(NYT, Knight-Ridder, Bloomberg)

U.S. CREDIT MARKETS

Three-year and 10-year notes and 30-year bonds in early February.

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(NYT, Knight-Ridder, Bloomberg)

The Week Ahead: World Economic Calendar, Jan. 17 - 22

A schedule of this week's economic and financial events, compiled for the International Herald Tribune by Bloomberg Business News.

Frankfurt November trade balance. Forecast: 6.5 billion Deutsche mark, surplus. November current account. Forecast: 2.5 billion DM deficit.

Frankfurt M3 money supply. Forecast: 10.5 percent in year.

Rosne November producer price index. Forecast: 5.0 percent in year.

Jan. 17 Brussels. Belgian government talks on job-creation measures. Brussels. Peter Suterland, director-general of General Agreement on Tariffs and Trade, will meet with U.S. Trade Representative William E. Brock.

Jan. 18 Amsterdam. November industrial production. November producer price index.

Jan. 19 Amsterdam. Unemployment rate in three months to December. Forecast: 5.7 percent.

Frankfurt. Bundesbank allocates securities repurchase agreements at a fixed 0.0 percent.

Jan. 20 Tokyo. December and 1993 bankruptcies.

Jan. 21 Tokyo. December machinery orders. Forecast: Down 14.2 percent on year, up 13.1 percent on month.

Washington. December food price index. Forecast: Down 0.1 percent on year, up 0.2 percent on month.

Jan. 19 Beijing. U.S. Treasury Secretary Lloyd Bentsen visits.

Jan. 18 Tokyo. December and 1993 bankruptcies

SHORT COVER

IBM PC to Consolidate Brand Teams

NEW YORK (AP) — IBM PC Co. said that on Monday it will begin placing its PS-2 and ValuePoint products under one brand team.

Since October 1992, International Business Machines Corp. has had three brands of desktop computers — the premium PS-2, lower-priced ValuePoint and consumer-targeted PS-1 — that are made and sold by competing teams.

While PS-2 and ValuePoint computers will maintain their different labels for the time being, they will be sold by one team to be known as the Commercial Desktop brand.

Dutch Use Windfall to Trim Tax Rate

AMSTERDAM (Reuters) — Dutch Finance Minister Wim Kok said Sunday he will use a 4 billion guilder (\$2.04 billion) tax windfall in 1993 to trim basic rate income tax from July 1 this year.

He said lowering the rate, currently at 38.25 percent of income, would help consumers' purchasing power and companies' competitiveness.

LWT Said to Ask Disney for Rescue

LONDON (Reuters) — LWT (Holdings) PLC is believed to have approached both Walt Disney Co. and Time Warner Inc. in an attempt to fend off the hostile bid from Granada Group PLC, The Sunday Times reported.

The newspaper said Time Warner is thought to have rebuffed the approach and that Disney, a partner in a breakfast TV franchise with LWT, is unlikely to ride to the rescue of LWT.

Jeancourt-Galignani Named to AGF

PARIS (Reuters) — Antoine Jeancourt-Galignani has been appointed to the board of Assurances Générales de France, replacing Michel Albert, the French Economy Ministry announced Sunday.

Mr. Jeancourt-Galignani is currently chairman of Banque Indosuez. Mr. Albert was chairman of AGF, owned 75 percent by the French government, until he was appointed to the council of the newly independent Bank of France earlier this month.

Taiwan Keeps Foreign Fund Ceiling

TAIPEI (Reuters) — Taiwan has shelved a proposal to raise the ceiling for foreign investment in its stock market because of concern that inflows of funds are forcing appreciation of the Taiwan dollar, officials said Saturday.

Finance Minister Lin Chen-kuo announced the indefinite postponement of consideration of a proposal by the Securities and Exchange Commission to raise the ceiling to \$12 billion from the current \$5 billion.

The Taiwan dollar soared 13 cents on Saturday to a six-month high of 26.3650 to the U.S. dollar.

U.S. and China Locked in Textile Talks

BEIJING (Reuters) — The United States and China were in last-ditch talks over the weekend trying to avoid a trade war over the important textile industry.

The U.S. Embassy said the talks, which started Saturday, would last until Monday, the day Washington will cut Beijing's textile quota by 25 to 35 percent unless negotiators can come to agreement.

8 Groups Eye Philippine Oil Firm

MANILA (Reuters) — The Philippine government is scheduled to sell off part of its stake Monday in Oriental Petroleum and Minerals Corp., hoping to raise at least 1.3 billion pesos (\$47 million).

At least eight groups, including current shareholders, have signified intentions to bid for shares equivalent to 20 percent of the company's total outstanding stock.

For the Record

Capital Iron & Steel Co. and the provincial government of Shandong will build a major steel plant at Qilu, with an annual capacity of 10 million tons, Xinhua said Sunday.

China began accepting tenders Saturday for construction of the Three Gorges dam on the Yangtze River that will be part of the world's largest hydroelectric plant.

Ajinomoto Co. Japan's largest integrated food processor, has agreed to jointly develop and sell food products with the supermarket chain operator Dai-ichi Inc., the Nihon Keizai newspaper Sunday.

JAPAN: Recovery Nowhere Near

Continued from Page 1

der, notably the partial opening of the rice market, the crackdown on bid-rigging in the construction sector and U.S. demands that Japan agree to "objective criteria" to measure progress in market access. In addition, the growth of discount retailers, due as much to Washington's push to reform laws preventing the opening of large stores as the end to the era of fast income growth, promises to steadily erode fat profit margins at home and facilitate imports.

How quickly Japan can transform itself, however, hinges on reform of the Iron Triangle, the collusion and often corrupt alliance of politicians, bureaucrats and industrialists that acts to perpetuate the status quo.

The administration of Prime Minister Morihiro Hosokawa, which came into power last summer after 38 years of Liberal Democratic Party governance, has staked its future on political reform and embarked on an effort to deregulate the economy and give consumers lower prices. Yet while political reform measures could be approved later this week, resistance from the bureaucracy and vested corporate interests suggest the dismantling of the Iron Triangle will be a painstaking process.

Deregulation proposals announced in December, for example, were widely criticized as superficial. Even the partial opening of the rice market, whose importance is more symbolic than economic, is begrudging: only 8 percent of Japan's market will be open after six years, and lower prices will not be passed on fully to consumers.

Bureaucrats, in fact, show little inclination to give up their practice of intervening in markets and giving industrial guidance. The government maintains dozens of cartels and more than 10,000 regulations that interfere across broad swathes of the economy and help maintain prices averaging 40 percent higher than those in the United States. While preaching the virtues of deregulation, bureaucrats are also planning to expand additional public funds to prop up the stock and property markets.

"Deregulation still has a long way to go," Ms. Sasaki-Smith said. Still, a growing number of companies, their profits continuing to decline, have begun to restructure themselves to compete more effectively in the global economy overseas.

Though loath to execute large-scale layoffs of the sort seen in America and Europe, corporate Japan has been slimming down through attrition and reduced hiring. Companies are also trimming payrolls by cutting overtime and bonus payments and freezing wage increases.

Unemployment, though still negligible by Western standards, is

set to rise to levels not experienced since World War II, with more than a million Japanese expected to lose their jobs in the next two years. Joblessness, now just 2.8 percent, could top 4.0 percent next year. The figure would be double if companies cut as ruthlessly as their Western competitors.

Even for those who keep their jobs, there will be growing pressures to push performance up and pay scales down. Companies will also be challenged to restructure themselves and their salary scales to reward worker creativity and entrepreneurial energies.

The strong yen has also begun to change supply relationships that have been based more on custom than on market considerations. The peaking of Japan's trade surplus last November offered evidence that companies and consumers will increasingly turn to cheap imports.

"Until now Japanese companies have been like domesticated animals," said Takamitsu Sawa, a professor of economics at Kyoto University. "Now they'll be thrown out onto the African savannah."

The government's next pump-priming package is expected as soon as this Thursday, after the anticipated passage of a long-awaited political reform bill. The package will reportedly be worth 7 trillion yen, including 3 to 4 trillion in public works spending.

A cut in income taxes, long urged by foreign governments to prod cautious consumers, will likely not be announced until early February, probably shortly before Mr. Hosokawa meets President Bill Clinton on Feb. 11. The reduction could be worth as much as 7 trillion yen, a sum equal to more than 2.5 percent of total consumption.

The Bank of Japan may also deliver yet another cut in its official discount rate from the 1.75 percent level that is already a historic low. The reduction, which could come as soon as February, will bolster corporate profits and support the equity market but do little to spur capital investment, economists say.

These measures will be the chief reason Japan's economy will expand in the fiscal year beginning April 1, albeit by about 0.5 percent, following an expected contraction of 0.2 percent the current fiscal year, economists said.

Despite the gloom, few experts are willing to dismiss the potential of the Japanese economy.

"People are desperate because the bubble has burst," said Mr. Wakatsuki. "But I'm optimistic: We have not lost the reasons of our dynamism such as a high savings rate, disciplined labor and flexible technology."

NEXT: French leaders say their country's recession has ended, but when will recovery begin? In joblessness and business failures, the worst is yet to come.

Kaufhof Bids for Horten

Reuters

BERLIN — The Federal Cartel Office confirmed Sunday that the Swiss-based retail group Metro GmbH was seeking to take control of Horten AG via its German retailer subsidiary, Kaufhof Holding AG.

A spokesman for the cartel office said a notification of the planned takeover had been filed at the end of December. But it was not yet clear exactly how the takeover would be carried out, he said.

Kaufhof's larger competitor in German retailing, Karstadt AG, announced in November it planned to acquire the department-store chain Hertie Waren & Kaufhaus GmbH, the country's third-largest retailer, in a move that analysts predicted then would lead to further consolidation in the industry.

Karstadt, Kaufhof and Hertie dominate the German market for department stores in city centers. It was estimated that the combination of Karstadt and Hertie would produce a company with annual revenue of around 28 billion Deutsche marks (\$16 billion), compared with 28 billion DM for Kaufhof.

Horten, the fourth-largest German retailing group, had sales of 3.03 billion DM in 1991. When Karstadt's move was announced, analysts

said that company was likely to remain Germany's department-store leader, with Kaufhof maintaining its strength in discount and specialist stores. But they said the concentration of sales in two major groups might open niches for foreign retailers as the smaller and more specialized German retailers faded out.

The consolidation of the past two months con-

The move appears to be a reaction to the plan by a retailing rival, Karstadt, to acquire the Hertie chain.

tinues a process that was given impetus in 1992, when Metro, Kaufhof's parent, took over Asko Deutsche Kaufhaus AG.

The cartel office's announcement appeared to be a response to a report by the magazine Der Spiegel, which said in an article due to appear in its next issue that Westdeutsche Landesbank would sell a 26 percent stake in Horten to Kaufhof, which is based in Cologne.

RESCUE: Banks Dig Deep

Continued from Page 9

which it holds 47 percent, as well as a Dutch trading unit and miscellaneous mining activities, including Metal Mining Corp. in Canada.

The 113-year-old company, whose headquarters sits just behind Frankfurt's Old Opera house, counts 250 subsidiaries whose activities range from the mining and trading of metals to environmental engineering and financial services.

It was having a hard time even before being hit by oil futures losses because of a worldwide collapse of prices for basic metals and a recession-related decline in demand for its expensive environmental products.

Heinz Schmiedelbusch, who was fired as chairman in December after the firm's losses became apparent, is under investigation for fraud and breach of trust. Several other board members, including the chief financial officer, were also forced out.

NASDAQ NATIONAL MARKET

OTC Consolidated trading for week ended Friday, Jan. 14.

(Continued)

Sales in 100s	High	Low	Close	Net
100	100	100	100	100
101	101	101	101	101
102	102	102	102	102
103	103	103	103	103
104	104	104	104	104
105	105	105	105	105
106	106	106	106	106
107	107	107	107	107
108	108	108	108	108
109	109	109	109	109
110	110	110	110	110
111	111	111	111	111
112	112	112	112	112
113	113	113	113	113
114	114	114	114	114
115	115	115	115	115
116	116	116	116	116
117	117	117	117	117
118	118	118	118	118
119	119	119	119	119
120	120	120	120	120
121	121	121	121	121
122	122	122	122	122
123	123	123	123	123
124	124	124	124	124
125	125	125	125	125
126	126	126	126	126
127	127	127	127	127
128	128	128	128	128
129	129	129	129	129
130	130	130	130	130
131	131	131	131	131
132	132	132	132	132
133	133	133	133	133
134	134	134	134	134
135	135	135	135	135
136	136	136	136	136
137	137	137	137	137
138	138	138	138	138
139	139	139	139	139
140	140	140	140	140
141	141	141	141	141
142	142	142	142	142
143	143	143	143	143
144	144	144	144	144
145	145	145	145	145
146	146	146	146	146
147	147	147	147	147
148	148	148	148	148
149	149	149	149	149
150	150	150	150	150

Sales in 100s	High	Low	Close	Net
100	100	100	100	100
101	101	101	101	101
102	102	102	102	102
103	103	103	103	103
104	104	104	104	104
105	105	105	105	105
106	106	106	106	106
107	107	107	107	107
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134	134	134	134	134
135	135	135	135	135
136	136	136	136	136
137	137	137	137	137
138	138	138	138	138
139	139	139	139	139
140	140	140	140	140
141	141	141	141	141
142	142	142	142	142
143	143	143	143	143
144	144	144	144	144
145	145	145	145	145
146	146	146	146	146
147	147	147	147	147
148	148	148	148	148
149	149	149	149	149
150	150	150	150	150

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MONDAY SPORTS

49ers and Cowboys Win to Set Up Rematch, Bills Freeze Raiders

Watters's 5 Scoring Runs Spoil Taylor's Last Game

By Mike Freeman
New York Times Service

SAN FRANCISCO — Lawrence Taylor had talked about the way in which he wanted to leave football. He had talked about going out on top. He had talked about how he wanted his last game to be his best game. This disaster wasn't how he expected it to end.

San Francisco	49ers	Giants
17	24	24
1st Quarter	7	0
2nd Quarter	7	0
3rd Quarter	7	0
4th Quarter	3	14
Final Score	24	24

Taylor, 34, who revolutionized defense in the NFL with his game-breaking outside linebacker play, announced Saturday that he was retiring after 13 seasons with the New York Giants. But on the way to erase this one from his memory bank.

The Giants completely broke down under the pressure of the National Football League's best defense as the 49ers jumped to a 22-0 halftime lead, then went on to a 44-3 rout at Candlestick Park. Ricky Watters rushed for five touchdowns, a post-season record. In the first half, the Giants — noted for their ground game — picked up 6 yards rushing.

Hollywood would call this one "The Monster That Ate New York." It was no contest as the 49ers moved on to the National Football Conference championship game.

"Today was our day. We were out there playing away and fighting away," Watters said. "Every time we got down there, we felt like we were not going to be denied."

It was the worst playoff defeat in Giants history, eclipsing a 37-0 loss to Green Bay in the NFL title game in 1961. The Giants had never given up this many points in a playoff game.

The game was so far out of hand that Dave Brown replaced Phil Simms, whom the Giants apparently didn't want to get hurt, with 12 minutes left in the game. Simms completed just 12 of 25 passes for 124 yards, was sacked four times



Ricky Watters ran over Myron Gorton to score one of his five touchdowns, as the 49ers stomped on the Giants in Candlestick Park.

and was intercepted twice. San Francisco's Steve Young was 17 of 22 for 226 yards. He completed his first six passes of the game.

"We tried but we just weren't good enough," Simms said.

Hoping to run their ball control offense, the Giants ended the game thinking they could dominate a 49er defensive line that was last against the run in yards allowed per

carry (4.5). But the big boys on that line — the 49ers have two 300 pounders — played their best games of the season.

Running back Rodney Hampton was not a factor, and the Giants' offense didn't pick up an earned first down (it got one because of a penalty) until there were three minutes left in the first half.

Watters had a pair of 1-yard

Dallas Struggles by Packers As Smith Rehurs Shoulder

Compiled by Our Staff From Dispatches

IRVING, Texas — The defending Super Bowl champion Dallas Cowboys are back in the NFC championship game against the San Francisco 49ers again. But they aren't flawless.

The Cowboys earned the NFC championship rematch with a hard-fought 27-17 victory Sunday over the Green Bay Packers, a wild card team and decided underdog.

Dallas won despite two interceptions, a lost fumble, and untimely penalties in the ragged divisional playoff game before 64,790 fans.

The Cowboys will play the 49ers next Sunday in Texas Stadium.

"It wasn't pretty out there," center John Giese said. "The 49ers had to take heart seeing this one."

Troy Aikman threw three touchdowns but suffered two interceptions and Emmitt Smith was sidelined most of the second half when he hurt his separated right shoulder trying to block.

Smith, who wore special shoulder pads to protect the injury, rushed 13 times for 60 yards and caught 2 passes for 27 yards before he reentered the game.

But Smith insisted after the game that the injury wasn't serious. "My shoulder is feeling fine," he said. "I will be able to play against the 49ers."

The Cowboys struck for 10 points in 18 seconds at the end of the first half for a 17-3 lead to discourage the stubborn two-touchdown underdog Packers. The point bonus all started after Ed McCaffrey kicked a 41-yard field goal with 23 seconds left.

Kenny Gant's tackle knocked the ball away from Green Bay's returner Corey Harris on the ensuing kickoff and Joe Fishback of the Cowboys recovered after a wild scramble on the Green Bay 14. Two plays later, Aikman hit Jay Novacek wide open in the end zone from six yards away with five seconds left.

Aikman, who completed 28 of 37 passes for 302 yards, hit Michael Irvin with a 19-yard scoring pass as Dallas built a 24-3 lead in the third period.

Although Brett Favre, who had three interceptions, threw a 13-yard touchdown pass to Robert Brooks and a 29-yard touchdown to Sterling Sharpe, he couldn't muster a miracle rally. Interceptions by Charles Haley and Darren Woodson in the second half negated any true comeback thoughts. Favre completed 28 of 45 passes for a Packers playoff record 331 yards.

The slow-starting Cowboys finally got their high-powered offense into gear in the second period after two turnovers to drive 68 yards to score on a 25-yard pass from Aikman to Alvin Harper, who outjumped defender Terrell Buckley in the end zone.

Dallas coach Jimmy Johnson came out gambling in the first quarter and it backfired on the

Green Bay	3	0	7	7	17
Dallas	0	17	7	0	24
First Quarter	0	0	0	0	0
Second Quarter	0	17	0	0	17
Third Quarter	0	0	7	0	7
Fourth Quarter	0	0	0	7	7

English Ready To Pick Venables

The Associated Press

LONDON — English soccer officials hope to appoint Terry Venables as national team manager in the next few days, having cleared the former Tottenham and Barcelona coach of business malpractices.

Bert Millichamp, chairman of the English Football Association, plans to meet the four other members of the committee set up to appoint a successor to Graham Taylor early this week and name a new manager before next week's European Championship draw in Manchester.

Venables was dismissed as chief executive of Tottenham and has been the target of allegations that he was involved in financial irregularities at the north London club. Millichamp, a lawyer, said he had investigated the allegations and had found nothing to rule Venables out of the England job.

In Frigid Buffalo, Kelly's Hot Hand Stops L.A.

The Associated Press

ORCHARD PARK, N.Y. — In record cold, the Buffalo Bills didn't need a record comeback. Just a couple of mild ones.

Playing in sub-zero temperatures and a wind chill that reached minus 26 degrees Fahrenheit, the Bills rode the passing of Jim Kelly and two touchdowns catches by Bill Brooks to a 29-23 victory over the Los Angeles Raiders on Sunday.

Buffalo is 7-0 at Rich Stadium in playoff games and is one victory from a record fourth consecutive Super Bowl appearance and a shot at improving its winning number: 0-3 in the NFL title game.

"We can't jump for joy right now," Kelly said. "We have one game next week and one after that, hopefully."

Buffalo will entertain either Houston or Kansas City next Sunday in the AFC championship.

In the coldest game in Bills history, the warm-weather Raiders looked comfortable enough in building a 17-0 lead with 1:57 left in the first half. Napoleon McCallum, who scored three times in last week's playoff victory over Denver, had a pair of 1-yard scores.

Then the resilient Bills, who rallied last year against Houston for a 35-3 deficit for a 41-38 overtime victory, turned it around.

Buffalo got considerable help from the charitable Raiders, who were damaged throughout by penalties. A 37-yard interference penalty on Tim Lincecum against Andre Reed set up Thurman Thomas's 8-yard touchdown run with 50 seconds left in the half.

"We kept our poise," Kelly said. "We've been through this before and knew we had to keep our poise."

Buffalo's game plan, the AFC East champion, the lead 19-7 with its first possession touchdown, a 25-yard pass from Kelly. The extra point was blocked.

The Bills, who led the NFL in forcing turnovers, then recovered McCallum's fumble at the Raiders' 30. Steve Christie made a 29-yard field goal for a 22-17 lead.

Back came the resourceful Raiders. Tim Brown caught a short pass over the middle behind Mickey Washington and raced untouched for an 86-yard score, the longest in team playoff history. Jeff Jaffer's extra point hit the upright, leaving the score 23-22. The play provided

the Raiders' only second-half first down.

"I feel we did have a better team," Dom said. "But the scoreboard said that we didn't have a better team today."

Kelly, having one of his best games, then guided Buffalo on a 71-yard drive, helped by one of four offside calls against Howie Long that negated big loss. Brooks' best coverage to catch Kelly's fluster for a 22-yard score and a 29-23 lead.

"Jim put it right on the money," said Brooks, whose only previous playoff experience came in a loss with Indianapolis in 1987.

"I'd never been in a game this big before," he said. "I drove my mom and dad and wife over and my dad said when we got out of the car, 'You've got to relax, you're too tense.'"

Kelly finished 27-for-37 for 287 yards and two scores. He led the Bills on a clock-killing march that lasted the final 5:42 to ice it.

"We felt going in that if we were going to win, we'll win with the pass," Kelly said. "The key was the guys on the offensive line did an outstanding job."



Lawrence Taylor saw his brilliant career end in a crushing defeat.

Graceful Wachter Wins Giant Slalom

By Ken Shulman
Special to The Herald Tribune

CORTINA D'AMPEZZO, Italy — Anita Wachter, the defending World Cup champion, glided over the hard-packed snow on two nearly perfect runs to win her third giant slalom of the season on Sunday.

Wachter, who won the year's first giant slalom, took a commanding lead in the first run, with only Italy's Deborah Compagnoni remaining within two seconds of her time. The 26-year-old Austrian increased her lead with the fastest time in the second run to finish the race with an aggregate time of 2:38.80, 0.73 ahead of Compagnoni, and 2.42 ahead of Lella Fiori of France, the surprise third-place finisher.

The course was full of curves and bumps, and was very long," said Wachter, who used her gift for gliding to great advantage on the gentle Olympia delle Tofane slope.

"It wasn't the sort of course you could just be aggressive on. You had to ski intelligently, and prepare for each turn in advance."

More than intelligently, Wachter skied smoothly, maintaining her momentum on the relatively flat course where the slightest error could cost a skier the race. She was excellent in keeping friction between her skis and the snow to a minimum and in letting her skis run as she shifted her weight from one gate to the next.

Wachter, who won just one race last season, has been extremely successful this year in giant slalom, with three victories and three second places in seven outings.

"I had a lot of confidence today at the starting gate," said Wachter, an outgoing, energetic skier. "I'd been skiing well all season in giant slalom, and I was feeling good this morning. Standing at the starting gate, I heard the roar of the crowd from the bottom when Deborah crossed the finish line on her second run. That meant she had put in a good time, and I knew I would have to attack if I wanted to beat

German Lugers Set 2 Records

The Associated Press

OBERSHOEF, Germany — The German luge team bounced back Sunday from its worst day ever at the Oberhof World Cup, sweeping to five of six possible medals and blazing to two track records.

Gabi Kolisch shattered the track record twice as she led a German sweep in women's singles, while countrymen Steffen Skel and Steffen Woller were surprise winners in men's doubles.

Markus Prock of Austria won his third race of the season Saturday. Duncan Kennedy became the first American to get a medal at Oberhof, winning a silver, and took the lead in the overall World Cup standings.

Kennedy is to testify Monday in the trial of two seven-area youths charged with attacking Kennedy on Oct. 29.

Seizinger, who won Friday's downhill on the same Olympia Tofane course, beat Uli Maier of Austria by 59 seconds and Karin Lee-Garner of Canada by 62 on route to her 12th career victory and third at this resort.

She was the fastest at the top but lost much of her lead to Maier and Lee-Garner, the Olympic downhill champion, in the bottom section.

The World Cup downhill and super-g champion, Seizinger displayed the same determination, skill and technique as on Friday, and several losers complained there was almost no difference between the two races.

Wiborg, who placed fifth, said the course was too straight and fast for a super-g, which mixes downhill speed and giant slalom turns.

"There were a few turns today and we actually raced another downhill," Compagnoni said. "I could have used downhill skis."

Several skiers did it, with mixed results.

U.S. Skater Denies Involvement in Attack

The Associated Press

PORTLAND, Oregon — Amid growing doubts about whether she would be allowed to compete in the Olympics next month, Tonya Harding, LeRoy T. Walker, said the committee has an obligation to send a team to the games in Lillehammer, Norway, that meets the highest standards of "sportsmanship and fair play." The games open on Feb. 12.

The statement, which never mentioned Harding by name, said, "We are also troubled by the prospect of disruption of our team's preparation in Norway for its competition, its training and its ability to focus on what it is trying to accomplish in the harsh glare of world-wide media."

Walker said the last deadline for deciding whether Harding would compete in Lillehammer would be Feb. 21, two days before the women's competition begins.

"We have to push for a decision before then," Walker said. "I hope that decision is within a few days."

Committee officials said the

USOC would not be stampeded into barring Harding. One official, speaking privately, said he thought the U.S. Figure Skating Association would kick Harding off the team within a few days. Several other officials, however, said privately and on the record that they disagreed with that observation.

Three men, including Harding's bodyguard, have been arrested in connection with the attack on Kerrigan in Detroit on Jan. 6. There has been much speculation that Harding's former husband, Jeff Gillooly, and even Harding herself may have been involved.

Harding's camp indicated it would fight for her right to compete at the Winter Games.

"The U.S. team will be the strongest with Nancy and Tonya on the team," Rawlinson said.

Harding's lawyer gave the strongest denial yet of speculation that Harding knew of the alleged plot or was involved in any way.

"Tonya is shocked and angry that anyone close to her might be involved," the statement said.

In response to a question, Diane Rawlinson was less supportive of Jeff Gillooly, whom Harding dated in August but still lives with.

"I'd like to believe that Jeff is innocent," Harding's coach said. "I don't know Jeff as well as I know Tonya." But she said that "Tonya absolutely believes Jeff is innocent."

"If she discovers anything different from that she will distance herself from him," the coach said.

In the attack, Kerrigan, the bronze medal winner at the 1992 Winter Games, was knocked out of the championship when a man smashed her on the right knee with a collapsible baton as she left the ice following practice Jan. 6.

Harding won the competition to qualify for the Olympic team and Kerrigan was placed on the two-person squad by figure skating officials instead of 13-year-old Michelle Kwan, the runner-up in the nationals.

"It was a shallow victory," Diane Rawlinson said. "It was almost like no victory. I think there were two victims, Nancy first ... and Tonya."

"Tonya is very sorry, sorry for Nancy, sorry for all of us," said Rawlinson, who said Harding had sent a letter to Kerrigan.

Eva Svotilova, Kerrigan's coach, said she wasn't aware of Kerrigan receiving a letter.

Kerrigan was not available for comment, but a statement said she held an unscheduled training session at 2 a.m. Sunday.

"My knee was a little stiff and it took some time to get loosened up," Kerrigan said in the statement. "But it felt good to be on the ice again."

Harding's bodyguard, Shawn Eckardt, 26, and Derrick Brian Smith, 29, were arraigned Friday on charges of conspiring to commit assault. Shane Minoska Stant, 22, who is Smith's nephew, also was charged with conspiracy to commit assault and is expected to be extradited to Portland. Eckardt was released on bail Friday and Smith on Saturday.

There have been several reports that Harding was aware of the alleged plot to injure Kerrigan long before the attack. Two of the three men arrested in the case reportedly have told authorities that Harding knew of the plans.

A new witness who emerged over the weekend, 20-year-old Sarah Bergman, a classmate of Eckardt, told a private investigator that Gillooly "was the mastermind behind this," and that she had no reason to believe Harding was involved.

Gary Crowe, the investigator who first revealed the alleged plot, said that Bergman was in Eckardt's house when a plan was discussed to "get Kerrigan" in Detroit.

He said Bergman was told by Eckardt that the person on the telephone was Gillooly. And, Crowe said, Eckardt also told her that Gillooly was doing it as a way to get back into Harding's good graces after their divorce last year.

Stangassinger Takes Kitzbühl Slalom

The Associated Press

KITZBUHL, Austria — Less than one month before the Olympics, the season is shaping up for Thomas Stangassinger just the way he wanted.

Stangassinger, battling the flu, clinched his second victory of the World Cup season with an impressive performance, leading a 1-2 Austrian sweep in the sixth slalom of the season Sunday.

He finished ahead of Thomas Sykora, and completed a successful weekend for the Austrian team before home fans after Patrick Ortlieb's victory in the downhill on Saturday.

Alberto Tomba of Italy, after failing to complete his last three races, put together two good runs to finish third.

Stangassinger, who had a big lead in the previous slalom in Kranjska Gora, Slovenia, one week ago, only to fall in the second run, made no mistakes this time. "I put

Kranjska Gora behind me quickly," he said.

He posted an aggregate time of one minute, 37.85 seconds to beat Sykora by 0.57 seconds.

Stangassinger won the season's opening slalom in Park City, Utah, in November, and was second in two slaloms last month.

"It's always special to win here before so many Austrian fans," he said after his fourth career World Cup victory. "You have to be a bit careful in the second run, you try not to take risks and to avoid the rut in the course."

Stangassinger, 28, picked up 100 points for his victory and now has a 61-point lead in the World Cup slalom standings. Finn-Christian Jagge of Norway, who was 11th Sunday, is second.

Sykora, who was fifth after the first run, blasted through the 39 gates on the Ganslern course for the fastest second run to finish second in 1:38.42.

Tomba skied aggressively in the second run but could not improve on his first-run third place, finishing in 1:38.48.

Marc Girardelli of Luxembourg, the defending World Cup champion who is seeking a record sixth overall title, straddled a gate halfway into the first run and was eliminated.

Girardelli, who finished second in Saturday's downhill, thus wasted a good opportunity to pick up combination points. Sunday's slalom and the downhill counted for the season's first combination, a paper race that combines the results of the two races.

Lasse Kjus of Norway won the combination and picked up 100 points for his first World Cup victory. He was 19th in the slalom.

His teammate, Kjetil-Andre Aamodt, finished second in the combination, earned 80 points and extended his overall lead over

Günther Mader of Austria to 161 points.

In the race Saturday, Ortlieb, the Olympic champion, clinched his second World Cup downhill victory of the season on the daunting, fog-shrouded Streif course.

Ortlieb, who also won the season's second downhill in Val Gardena, Italy, posted a time of 2 minutes, 0.12 seconds before thousands of jubilant Austrian fans.

In ski jumping, the World Cup leader Espen Bredesen of Norway suffered a sprained ankle Sunday in Liberec, Czech Republic, but likely will be able to take part in the Olympic Games. He still finished second to Czech Jaroslav Sakala.

Bredesen matched the hill record of 125.5 meters he established on Saturday in what was the last jump of the day, but he could not keep balance after the binding opened on one ski upon impact. He fell on his back, twisting his right leg under his body.

Euphemisms, a Challenged Market

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